



NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

MBA PROFESSIONAL REPORT

Performance Based Pay for the U.S. Marine Corps

**By: Henry Brown and
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December 2005**

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REPORT DOCUMENTATION PAGE			Form Approved OMB No. 0704-0188	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington DC 20503.				
1. AGENCY USE ONLY (Leave blank)		2. REPORT DATE December 2005	3. REPORT TYPE AND DATES COVERED MBA Professional Report	
4. TITLE AND SUBTITLE: Performance Based Pay for the U.S. Marine Corps			5. FUNDING NUMBERS	
6. AUTHOR(S) Brown, Henry and Nucci, Owen				
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000			8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A			10. SPONSORING / MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES The views expressed in this report are those of the author(s) and do not reflect the official policy or position of the Department of Defense or the U.S. Government.				
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release; distribution is unlimited			12b. DISTRIBUTION CODE	
13. ABSTRACT (maximum 200 words) <p>The purpose of this MBA Project is to illustrate how adding an element of Performance Based Pay to the U. S. Marine Corps' compensation system would improve the Corps' overall productivity by rewarding individual performance and adding incentives for Marines who might not be working to their full potential. The goal of this project is to demonstrate how pay-for-performance schemes used in historical and current applications from both the private and public sectors can be successfully applied in the Marine Corps. This project provides a documented background on performance based pays, a computer model showing one recommended method, and an introduction to the methodology, challenges and risks associated with the necessary cultural change.</p>				
14. SUBJECT TERMS Compensation Performance Pay			15. NUMBER OF PAGES 138	
			16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UL	

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PERFORMANCE BASED PAY FOR THE U.S. MARINE CORPS

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Submitted in partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

from the

**NAVAL POSTGRADUATE SCHOOL
December 2005**

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ABSTRACT

The purpose of this MBA Project is to illustrate how adding an element of Performance Based Pay to the U. S. Marine Corps' compensation system would improve the Corps' overall productivity by rewarding individual performance and adding incentives for Marines who might not be working to their full potential. The goal of this project is to demonstrate how pay-for-performance schemes used in historical and current applications from both the private and public sectors can be successfully applied in the Marine Corps. This project provides a documented background on performance based pays, a computer model showing one recommended method, and an introduction to the methodology, challenges and risks associated with the necessary cultural change.

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TABLE OF CONTENTS

I.	INTRODUCTION.....	1
A.	BACKGROUND	1
B.	OBJECTIVE	3
C.	RESEARCH QUESTIONS	4
D.	SCOPE LIMITATIONS.....	4
E.	RESEARCH METHODOLOGY	5
F.	ORGANIZATION OF STUDY	6
II.	PERFORMANCE BASED PAY IN PRACTICE	9
A.	MILITARY COMPENSATION PRINCIPLES	9
B.	PERFORMANCE BASED PAY	14
1.	Behavior Science and Performance Based Pay	16
a.	<i>Equity Theory and Employee Attraction/Retention.....</i>	<i>16</i>
b.	<i>Agency Theory.....</i>	<i>17</i>
c.	<i>Expectancy Theory.....</i>	<i>18</i>
d.	<i>Behavioral Science Conclusions</i>	<i>22</i>
2.	Measuring Performance.....	23
3.	Pay-For-Performance Systems in Action.....	28
a.	<i>Individual Incentive Plans.....</i>	<i>28</i>
b.	<i>Group Incentive Plans</i>	<i>29</i>
C.	INTERIM CONCLUSIONS ON PERFORMANCE BASED PAY	30
1.	Strengths	30
2.	Weaknesses	30
D.	NATIONAL SECURITY PERSONNEL SYSTEM	31
E.	MERIT-BASED PAY: A FIT FOR THE USMC.....	35
1.	Organizational and Individual Values.....	36
2.	FITREP System.....	38
3.	Signaling Theory	40
4.	NPS Survey	41
a.	<i>Compensation Adequacy.....</i>	<i>41</i>
b.	<i>Performance Evaluation and Rewards</i>	<i>42</i>
c.	<i>Performance Pay.....</i>	<i>43</i>
d.	<i>NPS Survey Conclusions</i>	<i>44</i>
F.	CHAPTER SUMMARY.....	45
III.	RECOMMENDATION FOR A PERFORMANCE BASED BONUS.....	47
A.	REQUISITE CHARACTERISTICS	47
1.	Benefits Must Outweigh Costs.....	47
2.	Equitability / Efficiency / Effectiveness.....	48
3.	Fitness Report.....	50
B.	OPTIONS.....	51
1.	Merit-Pay	51

2.	Pay Banding.....	51
3.	Group Based Incentive	52
4.	Lump Sum Bonuses	52
C.	PERFORMANCE BASED BONUS.....	53
1.	Segmentation	53
2.	Pay Amount and Schedule	54
3.	Indirect Recipient Determination.....	55
4.	Other Considerations.....	55
5.	Optimization Model.....	56
a.	Objective Function.....	56
b.	Decision Variables	57
c.	Constraints	57
d.	Model Inputs	57
e.	Model Results	58
f.	NPS Example	59
6.	Model Limitations.....	60
D.	CHAPTER SUMMARY.....	62
IV.	IMPLEMENTING ORGANIZATIONAL CHANGE	63
A.	INTRODUCTION.....	63
B.	GENERAL DISCUSSION	64
C.	COMPONENTS OF ORGANIZATIONAL CHANGE	65
D.	RECOMMENDATIONS FROM THE GOVERNMENT ACCOUNTABILITY OFFICE	67
E.	IMPLEMENTING PERFORMANCE PAY IN THE CORPS.....	68
F.	PERFORMANCE BASED PAY DOES NOT STAND ALONE	74
G.	UNINTENDED CONSEQUENCES	75
H.	CHAPTER SUMMARY.....	79
V.	CONCLUSION	81
A.	SUMMARY	81
1.	How Can the Marine Corps Include an Element of Performance Based Pay in Its Pay System?	81
2.	How Might the Corps Effectively Implement and Sustain this Financial and Cultural Shift?	83
B.	LIMITATIONS	84
C.	RECOMMENDATIONS AND TOPICS FOR FUTURE STUDY.....	84
	APPENDIX A: USMC FITREP EXAMPLE	87
	APPENDIX B: USMC PES EXPLANATION	93
	APPENDIX C: NPS SURVEY RESULTS	101
	APPENDIX D: PERFORMANCE BASED BONUS DISTRIBUTION MODEL	110
	LIST OF REFERENCES	113
	INITIAL DISTRIBUTION LIST	121

LIST OF FIGURES

Figure 1.	Center for Naval Analyses Military Compensation Model	10
Figure 2.	General Compensation Model	11
Figure 3.	Behavior, Personnel Management, Compensation Relationship Models	21
Figure 4.	General Schedule Categories under NSPS	34
Figure 5.	NSPS Pay Banding	35
Figure 6.	Expected Articulation of the USMC FITREP Competencies in the USMC Strategy	39
Figure 7.	Marine Corps Relationships Illustration	75

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LIST OF TABLES

Table 1.	Summary and Comparison of Institutional and Market Approaches to Military Compensation	12
Table 2.	Overall Effectiveness of Alternative Reward Plans.....	29
Table 3.	2005 General Schedule Salary Table.....	32
Table 4.	NPS Survey Results: Compensation Adequacy.....	42
Table 5.	NPS Survey Results: Performance Evaluation and Rewards	43
Table 6.	NPS Survey Results: Performance Pay.....	44
Table 7.	Optimization Model Results	59
Table 8.	Optimized Distribution of Performance Based Bonuses for NPS Survey Population	60

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ACKNOWLEDGMENTS

Some may feel that this work is disloyal in some way to our beloved Corps. It is, in fact, an act of love and loyalty to an institution that is ingrained in both of us. Frequently the right decisions are the hardest to make – performance based pay would be a tough transition to initiate and maintain, but it would bring about new levels of accountability and higher expectations of performance and competition - all for the good of our Corps. If Captain Nucci and I did not believe this could be done without sacrificing the Corps' culture, we would not have embarked on this project. I am grateful to be part of the Marine Corps family; from it I know I am privileged to be a part of something greater than I am. Likewise, it has been an honor to work with Owen (to whom most of the credit on this work is due) and our esteemed advisors on this paper. It is by God's grace and through my loving family that I can accomplish anything; any good that results of this work is to the credit of Owen and those who supported us in this endeavor.

Major Hank Brown

It is out the deepest of respect for the Marine Corps and its valiant history that I submit this project report. I am grateful to serve in such a time-honored service, and it is indeed a foundation of esprit de corps and work ethic imbued in me by the Corps that has made this project such a substantial learning experience. I could not be any more impressed with the many professors with whom we have developed and refined this final product. This is particularly true of all three of our knowledgeable and experienced advisors—Professors Gates, Sekerka, and Brook. My partner Major Hank Brown has been a continual friend and role-model. Our efforts together have produced discussion and analysis far greater than anything I could have ever done alone. Most importantly, it is my family that inspires and encourages me in all things; as always, it is at their expense that so much time and effort has been dedicated to this endeavor.

Captain Owen Nucci

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I. INTRODUCTION

The U.S. Marine Corps is a well-respected organization with a noteworthy history of combat successes. From its early focus on amphibious or expeditionary operations to its distinguishable task-force organization, it is an organization that has adapted its very purpose over 230 years in order to make it as combat ready and effective as possible. Like many successful organizations, the Marine Corps relies on its members to self-enforce high standards and to seek methods for improvement. The following project embodies this tenet in recommending the adoption of some element of performance based pay in to the Marine Corps' total compensation package.

A. BACKGROUND

Military compensation has been similar in structure since the formation of the colonial army. In fact, today's pay scales were designed before WWII, a time when the force was comprised largely of unskilled workers.¹ The following discussion and analysis focuses on today's compensation in the U.S. Marine Corps. Marines' primary motivation is not derived from the type or amount of pay they receive; they are motivated by their own discipline and a willingness to serve the public good. Yet, while the compensation methods in use may not be the single most important driver of Marines' service, pay is an influential factor that contributes to the Marine Corps strength as a whole. This fundamental concept is captured in the introduction of the Department of Defense (DoD) sixth edition of the *Military Compensation Background Papers*:

Compensation should be designed to foster and maintain the concept of the profession of arms as a dignified, respected, sought after, and honorable career. The emotional and spiritual satisfactions gained from the dedicated performance of uniformed service should be coupled with compensation sufficient for an individual member to maintain a standard of living commensurate with the carrying out of responsibilities that directly affect the security of the nation.²

¹Frampton, 33, June 2000.

² *Military Compensation Background Papers*, 2, [http://www.loc.gov/rr/frd/pdf-files/Military_Comp.pdf], last accessed October 2005.

In the Marine Corps, as well as the rest of the DoD, there are numerous special and incentive (S&I) pays that compensate Marines on the basis of location, retention, and skills. This is the historical precedent for special pays. Yet no Marine is paid directly for his or her effectiveness associated with their actual performance. Part of the intent behind promotions in the military meritocracy is to reward superior performers through recognition, increased responsibility, and indirectly through increased pay that is linked to promotions. Unfortunately, there is often a significant lag in time between a Marine's performance and the occasions when he or she is eligible for promotion (where upon she receives the pay commensurate with services rendered). Additionally, for a variety of reasons, a Marine worthy of special recognition or compensation may not remain in service long enough to be screened for his or her next promotion. In the end, Marines who should be recognized with a fiscal reward for superior performance often don't receive it at all or receive it too late to be associated with their efforts.

The authors of the sixth edition of the *Military Compensation Background Papers* also recognize the "motivational aspect" of military pay. To inspire service members to do their best, the *Background Papers* identify the requirement to establish a relationship between compensation and effort for each member. They assert:

The basic system, as well as any special pay or supplemental aspects, should be designed to encourage meritorious performance and advancement to higher responsibilities.³

In 1999, Congress stated that military pay should not only be adjusted for inflation and cost of living expenses similar to civilian pay, but it should also reflect *trends* in civilian pay.⁴ Today, more private and publicly held institutions are turning to performance based pay at all levels of the organization to increase productivity, retention, and morale.⁵ Despite the government's rhetoric, though, none of the S&I pays are specifically related to performance. The U. S. government, in its introduction to the

³ *Military Compensation Background Papers*, 9, May 2005, [http://www.loc.gov/rr/frd/pdf-files/Military_Comp.pdf], last accessed October 2005.

⁴ Frampton, 3, June 2000.

⁵ Allen and Helms, 74, 2001.

methods of military pay, states that pay must “be designed to encourage meritorious performance,”⁶ yet no pay in the Marine Corps is focused on accomplishing this. Instead, the basis for all S&I compensations are reactive augments used by manpower management to encourage either recruitment or retention.⁷

This project builds upon Marine Captain Scott Frampton’s efforts in his 2000 Naval Postgraduate School thesis on performance based pay for the U.S. military. Captain Frampton’s thesis cites the USMC as an ideal candidate to lead the DoD in taking on such an endeavor; this project adds two crucial elements to Frampton’s foundation. First, it includes a method and an optimization model for a performance based bonus that uses criteria from a survey of Marines on pay to gauge how performance pay might influence Marines. Second, after demonstrating the value added of a performance based bonus, this paper begins laying the groundwork for implementing an organizational change of this magnitude in the Marine Corps.

B. OBJECTIVE

The objective of this paper is to show that including a component of performance based pay in the Marine Corps’ compensation structure represents a realistic means to enhance the Corps’ effectiveness and efficiency. Leveraging Frampton’s thorough foundation, this project will demonstrate the viability of incorporating performance based pay on both a fiscal as well as cultural level.

Many will argue that incentivizing Marines with extra pay will diminish good order and discipline; that the prospect of pay-related competition amongst peers will create animosity that overpowers patriotism, unit cohesion, and esprit de corps. Yet there is an element of competition that already exists for promotion; awards—performance pay would fall into this same category. Others might assess that Marines do not serve for pay, and a financial complement for performance would be unnecessary or even

⁶ *Military Compensation Background Papers*, 23, May 2005, [http://www.loc.gov/rr/frd/pdf-files/Military_Comp.pdf], last accessed October 2005.

⁷ *9th Quadrennial Review of Military Compensation*, 77, 2001, [<http://www.defenselink.mil/prhome/qrmc/v1/index.htm>], last accessed November 2005.

demeaning – performance based pay in the Corps should be viewed figuratively more as a pat on the back than as carrot in terms of motivational tools.

The current trend in the private and public sector is to pay, at least partially, on the basis of merit.⁸ Respected businessmen/women in the private sector do not regard this as demeaning or unnecessary; they simply see it as appropriate and fair. The National Security Personnel System, the DoD's attempt at incorporating pay-for-performance for civilian employees, is in the middle of a drawn-out implementation. The opposition is based less on what is appropriate pay, and more on fear of change and a perceived threat to individuals' financial security.⁹ Furthermore, the other components of the armed forces are beginning to consider the benefits of adding a component of performance based pay to their systems. Ultimately the Marine Corps does not *need* performance pay; it is a self-motivated organization with higher initiators than money. Rather, it is reasonable to expect many Marines would increase their already higher than average performance if they knew they would be receive pay more commensurate with their efforts.

C. RESEARCH QUESTIONS

This paper's research questions are:

1. How can the Marine Corps include an element of Merit-Based Pay in its pay system?
2. How might the Corps effectively implement and sustain this financial and cultural shift?

D. SCOPE LIMITATIONS

This study, though largely applicable to the entire DoD, is limited to USMC compensation policies. The other military branches within the DoD, as well as other DoD agencies, may be exploring the idea of implementing some elements of performance

⁸ Summers, 18, 2005.

⁹ Barr, "Legal Wrangling, Implementation Woes Slow Rollout of New Pay," 13 September 2005.

based pay into their pay schemes,¹⁰ but there are no indications that the Marine Corps is considering this technique. Although there are clearly implications that are applicable to the other services, for purposes of simplicity and focus, this paper will address pay-for-performance as it would apply to Marine E-5s (Sergeants) and above: their performance, morale, esprit de corps, unit integrity, retention, and culture. This narrow scope enables a more concise discussion on the topic and has a single point of performance measurement that is accepted and universal—the Marine Corps Fitness Report.

An additional limitation of this analysis is absence of opinions from a cross-section of the Marines on whom this topic focuses. The survey conducted in research for this project was limited to less than 200 Marines, all officers.

This paper will not provide the end-state necessary to implement a performance based pay program; it has a starting point for establishing a utility-based distribution (the model) and some suggestions on initiating change.

E. RESEARCH METHODOLOGY

Primary research tools for this project included compensation textbooks, reviews of current periodicals and journals, governmental and research institute publications, and a survey of two hundred Naval Postgraduate School (NPS) Marines. Secondary sources included interviews with pay/compensation experts, Internet sources, and textbooks. The methodology included:

- Literature review
- Interviews with NPS faculty Pay & Compensation subject matter experts
- Creation of a demonstration optimization model
- Approval and execution of survey of NPS Marine officers
- Project report on analyses and recommendation

¹⁰ Hamilton, 1, 2005.

F. ORGANIZATION OF STUDY

Following the introduction, the second chapter discusses the authors' meaning and intentions for performance pay in the Marine Corps. Chapters three and four include a recommendation for design and implementation. The final chapter of the project covers potential consequences and additional factors for consideration.

The structure is organized in the following manner:

CHAPTER I: INTRODUCTION

CHAPTER II: CHARACTERISTICS OF PERFORMANCE BASED PAY

The principles behind military compensation and pay-for-performance compensation schemes are detailed in this chapter. Background discussions on behavior theory, performance measurement, types of pay-for-performance schemes, and the new NSPS compensation system being implemented by the DoD are included. The final topic of the chapter is how these principles relate to the USMC as an organization capable of improving its own pay system, specifically the critical linkage to the USMC Personnel Evaluation System as a performance measurement tool. The results of the NPS survey are also discussed in this section.

CHAPTER III: RECOMMENDATION

This chapter discusses in depth the types of pay-for-performance systems that the Marine Corps may consider. Sections on requisite characteristics of possible schemes and the rationale behind eliminating those considered impractical for the Marine Corps are included. A detailed discussion follows on a performance based bonus, regarded as the best alternative. The ability to execute this selected example is demonstrated using a computer model that associates performance bonuses with utility and distribution.

CHAPTER IV: IMPLEMENTING ORGANIZATIONAL CHANGE

This section outlines the difficulties that will be encountered and some of the techniques that may be used to implement organizational change. The Marine Corps is an organization deeply imbued with tradition. Marines in leadership positions have risen to that point in a system that favors them, and many are averse to change for fear that

they may no longer be compatible with the organization. It is imperative that any intended change (that affects such a large population) be well communicated, collaborated, implemented, and supervised.

There are numerous consequences to a Corps-wide systemic change. Though most will be beneficial, this section also addresses recognized challenges and discusses some of the potential unintended outcomes. Many negative side effects can be thwarted through careful planning, communication, and execution of the change. Others will need to be addressed on a case-by-case basis as they arise.

CHAPTER V: CONCLUSION

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II. PERFORMANCE BASED PAY IN PRACTICE

Extensive literature analyzes the various details associated with formulating compensation strategy. Entire textbooks are dedicated to this fundamental human resource topic, as are journals such as *Compensation and Benefits Review* and the *Journal of Compensation and Benefits*. This topic is extremely broad and bears enormous influence upon an organization's goals, values, and performance, as well as upon the individual employee/professional and his or her personal interests. Consensus suggests three basic employee attributes that are typically considered in compensation design: experience, longevity, and performance. Government/military compensation traditionally focuses on the first two, though the latter has certainly gained momentum in recent history. The following discussion is not intended to serve as a stand-alone baseline for this complex topic. Rather, this project considers the details addressed here most essential to the specific topics of military member compensation and, subsequently, to performance based compensation.

A. MILITARY COMPENSATION PRINCIPLES

Military compensation is a frequent topic of debate both inside and outside of the DoD. Examples of such organizations include the U.S. Congress, the Office of Personnel Management (OPM), the DoD's Office of the Under Secretary of Defense for Manpower and Reserve Affairs (M&RA), the RAND Institute, and the Center for Naval Analyses (CNA). While detailed consensus on policy may be unachievable amongst so many organizations, the fundamental purposes for compensation systems are largely consistent. The CNA depicts such purpose, one that could easily represent those of any branch of the armed forces, in its 2000 *Compensation Strategy for the Future Force*. Figure 1 identifies four responsibilities of the U.S. Navy's compensation system: attract and retain workers; motivate effective work; allocate workers among jobs; and maintain organization-specific goals. Furthermore, these goals are to be achieved at the lowest possible cost.

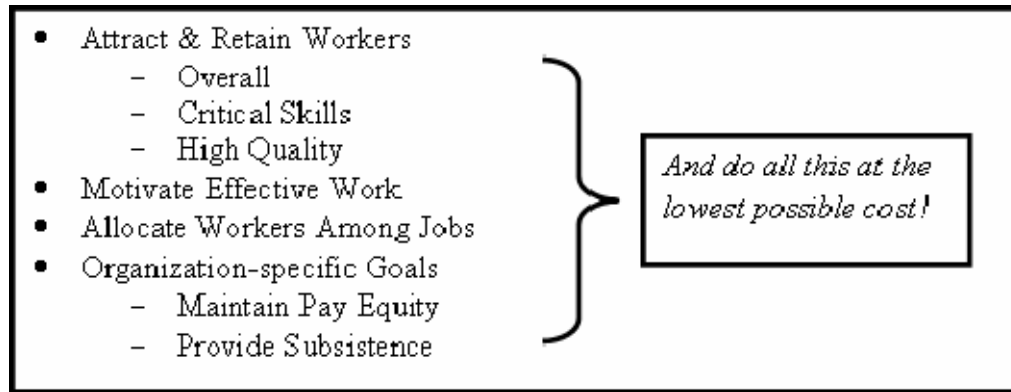


Figure 1. Center for Naval Analyses Military Compensation Model¹¹

This military-specific compensation strategy differs little from civilian strategies. Authors George T. Milkovich and Jerry M. Newman describe total compensation formulation strategy in their textbook *Compensation*. Figure 2 illustrates their four basic steps: Assess Total Compensation Implications; Fit Policy Decisions to Strategy; Implement Strategy; and Reassess the Fit. The authors further assert, “The steps are simple, executing them is complex.”¹² Indeed, the detailed considerations under each of their four steps are commonplace in strategic planning; the difficulty lies not in the concept, but in implementing the strategy.

¹¹ Koopman, Clyke, Golding, Hansen, and Husted, 4, September 2000.

¹² Milkovich and Newman, 36, 2005.

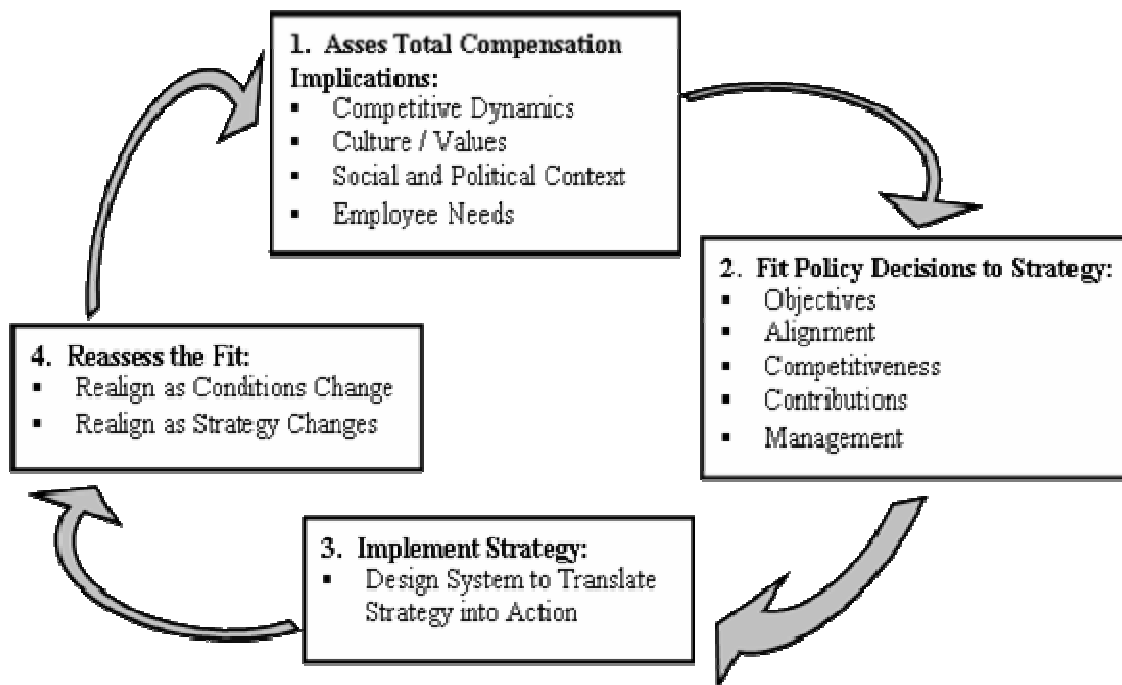


Figure 2. General Compensation Model¹³

Even more significant than the multitude of beliefs behind compensation, as Milkovich & Newman's model portrays, is the requirement that the system continually be evaluated and refined for better efficiency and effectiveness. For numerous reasons, the DoD typically lags the civilian sector in its ability to continually monitor and re-evaluate its compensation system. In fact, most of the main components of the current military pay system have changed very little since the post-World-War II era.¹⁴

Every four years, the Office of the Under Secretary of Defense for Personnel & Readiness authors a *Quadrennial Review of Military Compensation* (QRMC), an analysis that includes a thorough comparison of military and civilian compensation systems. The topic of pay-for-performance is addressed quite heavily in the 8th QRMC from 1996. In the following 9th QRMC of 2000, however, the topic is given little consideration. Summarized in Table 1 are the basic differences in rationale between institutional- and

¹³ Milkovich and Newman, 36, 2005.

¹⁴ 9th QRMC, 19, 2001.

market-based compensation systems. The bottom line is that the DoD maintains a paternalistic approach to paying its service members. CNA analysts cite this reality in their report:

Other widely discussed problems [in military compensation] include the relatively small amount of discretionary pay available to support goals from attracting and retaining people in occupations with high civilian pay, to rewarding performance, to filling hard-to-fill billets.¹⁵

<u>Category</u>	<u>Institutional Approach</u>	<u>Market Approach</u>
Philosophy	Equal Pay for Equal Responsibility	Equal Pay for Equal Work
Pay Purposes	Enhanced Relationship between Individual and Organization	Obtain Best Force at Lowest Possible Cost
Framework	Intangibles such as Cohesion, Honor, and Commitment	Labor Supply and Demand
Pay	Paternalistic; Deferred Income and In-kind Payments	Individualistic; Current Income and Personal Preference
Allowances	Based Upon Service Members' Need	Based upon Equality of Pay and Work
Employment Basis	Members' Role is to Defend The Nation	Members' Role is Skill-based
Pay Adjustments	Uniformly Applied to all Service Members	Applied Only to Critical Occupations

Table 1. Summary and Comparison of Institutional and Market Approaches to Military Compensation¹⁶

A final vantage from which to view military compensation is one consistent with overall basic government responsibility—its effectiveness, efficiency, and equitability. Current military pay practices rightfully sacrifice efficiency for effectiveness as it is a matter of national security. As military pay is influenced by powerful organizations from both the Executive and Legislative Branches of government, it is a constant tool for political jockeying and positioning. Furthermore, the U.S. military budget is approximately equal to of the rest of worlds' military budgets combined; and twenty-five

¹⁵ Koopman, Clyde, Golding, Hansen, and Husted, 13, September 2000.

¹⁶ Frampton, 100, June 2000.

percent of that goes toward military personnel. It is reasonable to conclude that the DoD has at its disposal the resources to pay its service members effectively, or enough to field a force of any size approved by Congress. The inherent trade-off in this system is inefficiency. At over two million personnel across the various military branches, by using a common pay scale based only on rank and years of service, that the DoD knowingly favors a simple and consistent scheme.

To some extent, the same arguments are appropriate for equitability. Members of the armed forces are inspired to join the military for a variety of reasons beyond the scope of this analysis. However, given the fact that there are over seventy types of military special, incentive, and bonus pays to augment basic pay and allowances for housing and subsistence, many of these pays eventually go to service members who fully intend to perform their mission regardless of the added job-based incentives.

Lastly, military pay does little to explicitly inspire service members to perform their job any better than the minimum required. Although most Marines pride themselves in their self-discipline, the motivation to perform above and beyond the call of duty lies on an individual or unit's patriotism, esprit de corps, promotion or award prospects, or fear of retribution by those accountable for the units' success. Like most other organizations that pay employees based on longevity and experience alone, the military has its "deadwood," or those members who get paid for just showing up to work. The 1999 CNA analysis also cited in their report:

With its complex and inflexible array of pays, it should not be surprising that the military compensation system sometimes results in incentives that have nothing to do with, or even interfere with, strategic goals.¹⁷

¹⁷ Koopman, Clyde, Golding, Hansen, and Husted, 20, September 2000.

B. PERFORMANCE BASED PAY

*If employees can make a clear link between their work and their rewards, they'll do better work.*¹⁸

Robert Heneman, OSU Associate Professor of Management and Human Resources

The concept of performance based pay is by no means new, and it is certainly not without its share of critics. While it has increased in popularity over the past twenty years under the aliases “Pay-for-performance,” “Variable pay,” or “At-risk compensation,” it originated under the auspices of commission based, or “piecework” compensation.¹⁹ Until the turn of the twenty-first century, however, its only notable success was its application toward executives’ stock options and gain-sharing plans. However, despite the details of the system, the aim is consistent: link employee and/or organizational performance to employee compensation.

The old adage “You get what you pay for” comes to mind in considering what motivates people to perform. Yet the concept that more pay yields greater performance is complicated by individual needs and values. For example, there surely exists some point where too much pay produces a point of diminishing returns in performance. Milkovich and Newman ask: “Why not admit it? We don’t know what makes people tick!”²⁰

A controversial topic in the past, “research evidence shows that merit pay systems, in general, have a significant positive impact on employee performance and on organizational productivity.”²¹ Allen and Helms in 2001 concluded:

An analysis of variance indicated that overall, the reward practices were significant predictors of performance ($F=4.269$, $p<.0001$), and the reward practices explained nearly 41% of variance in organizational performance ($r^2=.409$).²²

¹⁸ Budman, 34, June 1997.

¹⁹ Ganzel, 36, December 1998.

²⁰ Milkovich & Newman, 283, 2005.

²¹ Terpestra and Honoree, “Employees’ Responses to Merit Pay Inequity,” 51, January/February 2005.

²² Allen and Helms, 77, July/August 2001.

Bloom and Milkovich add:

The pay-for-performance relationship of 501 managers in 72 companies and found that salary, bonus, and total compensation were positively related to total shareholder return and growth in firm sales.²³

Finally, in their 2005 text, Milkovich and Newman summarize the substantial evidence in support of pay-for-performance effectiveness:

In a more comprehensive review, Heneman reports that 40 of 42 studies looking at merit pay claim performance increases when pay is tied to performance. One study of 841 union and nonunion companies found gain-sharing and profit-sharing plans (both designed to link pay to performance) increased individual and team performance 18 to 20 percent. ... Organizations with such plans had 3.5 to 5 percent higher annual performance.²⁴

This of course does not suggest that pay-for-performance systems are the right answer for every organization. The 2001-2002 World at Work *Total Salary Increase Budget Survey* indicated that nearly two-thirds of companies offer some form of variable pay (with twenty-two percent of those without variable pay, planning its implementation within the next year).²⁵ Yet organizations that are ideal candidates for such systems struggle to design and implement schemes appropriate for their circumstances. Sometimes, the unfortunate result is disillusionment with a dysfunctional system, perceptions of inequity, and diminished performance and morale.²⁶

More detailed discussion of these systems follows on topics of behavior science, performance measurement, and awarding performance.

²³ Bloom and Milkovich, 284, June 1998.

²⁴ Milkovich and Newman, 271, 2000.

²⁵ Lyons and Ben-Ora, 34, March/April 2002.

²⁶ Terpestra and Honoree, "The Relative Importance of External, Internal, Individual and Procedural Equity to Pay Satisfaction," 71, November/December 2003.

1. Behavior Science and Performance Based Pay

The following behavior theories are discussed to develop a foundation for pay-for-performance applications in the U.S. military, particularly the Marine Corps. Specific military applications are described where appropriate.

a. Equity Theory and Employee Attraction/Retention

Pay system characteristics directly influence employees' decisions to join organizations.²⁷ Wage rate or salary is, of course, one of the first deliberations one seeking employment considers. Furthermore, research suggests that candidates seek out potential employers based on the closeness of fit between their personalities and the organization's reward systems.²⁸ It is not surprising that risk-averse people will avoid organizations that use pay-for-performance based systems. The opposite holds true for risk-taking personalities. Organizations benefit themselves by considering the personalities of their target employees when strategizing, designing, and reassessing the fit of their compensation system.

Perhaps more significant is the effect on employee retention as it relates to organizations' pay systems. It intuitively makes sense that dissatisfaction with pay can be a key factor in employee turnover—particularly if it represents a fundamental mismatch in individual versus organizational values. Research suggests that *how* pay is determined has an impact in this regard as well.²⁹ Individuals consciously or subconsciously consider four factors of equity when determining if their pay is “fair”: *external, internal, individual, and procedural equity*.³⁰ External equity compares their organization's compensation system to other organizations', while internal equity considers how pay compares to other sections within the organization. Employees consider individual based equity relative to individual performance contributions.

²⁷ Milkovich and Newman, 272, 2005.

²⁸ Ibid.

²⁹ Terpestra and Honoree, “The Relative Importance of External, Internal, Individual and Procedural Equity to Pay Satisfaction,” 67, November/December 2003.

³⁰ Ibid, 68.

However, it is procedural equity, the relative fairness of allocation of pay within the organization, which turns out to be the most important of the four. Terpestra and Honoree assert, "Procedural equity was perceived to be the most important form of fairness that contributed to overall pay satisfaction."³¹ As an example, some Marines may earn more total compensation than others by nature of their specialty's difficulty, level of perceived or statistical risk, or training requirements (i.e., aviators or linguists), but a definite problem of procedural equity would arise should two Marines of the same grade, rank, and qualification knowingly earn different amounts of pay.

This discussion of equity theory is most useful for strategic analysis of an organization's compensation, but it is no panacea. It certainly does not suggest that successful organizations never allow pay inconsistencies to occur. At over 170,000 personnel end-strength, the Marine Corps is simply too large to realistically expect absolute equity across all ranks and specialties. Nonetheless, the Corps' leadership should be cognizant of the effects this outlook may have on Marine buy-in and trust: "Organizational researchers have found that when a process is considered fair, even if the outcome is unfavorable, employees will tend to be positive about the organization."³²

b. Agency Theory

Principal-agent issues are pervasive concerns in compensation systems. The principal, usually the employer, has a direct interest in motivating the agents, his employees, to work for the betterment of the organization. As the required jobs range in differing levels of excitement and difficulty, the task of effectively, efficiently, and equitably compensating these employees as a group and as individuals is truly daunting. While the very basis for pay-for-performance systems aims to better align what the organization's leadership considers valuable with what the employees will work to achieve, these systems nonetheless experience difficulties in achieving the desired results.

Bloom and Milkovich describe:

³¹ Terpestra and Honoree, "The Relative Importance of External, Internal, Individual and Procedural Equity to Pay Satisfaction," 70, November/December 2003.

³² Cole and Flint, 58, March/April 2005.

For principals, there are costs- including performance trade-offs- for using incentive pay, since it may cause agents to reduce effort or demand higher pay levels or may induce them to engage in practices designed to reduce the variability of their pay that are coincidentally detrimental to organizational outcomes.³³

From the standpoint of agency theory, where people tend to avoid both risk and work, pay-for-performance plans again better align individual and organizational goals. This is particularly true in job settings where monitoring employees is difficult. The presumption in this case is that employees will demand a higher total pay in order to compensate for the higher risk they assume in being paid on a basis of their performance. Also, the system must have very clear and direct desired performance attributes and the ability to measure performance in as objective a system possible. Both of these attributes appear to have some relevance to the Marine Corps. Compared to private sector employees, Marines, as “agents,” are likely to be less motivated to seek greater monetary compensation from the Corps should some of their pay become performance based due to the intrinsic value of national service. However, this is an unsubstantiated claim. The latter point on requiring an objective performance measurement system is discussed at length in the following section.

c. Expectancy Theory

Victor Vroom’s expectancy theory is based on the idea that individual effort and behavior is based on an individual’s perceived outcomes.³⁴ As the affects of emotions are not measurable in this theory, it is one of the most difficult theories to test. Still, pay-for-performance systems in theory should have their greatest influence through this vantage.

Under the principles of expectancy theory, motivation is derived through expectancy, instrumentality, and valence, or anticipated satisfaction from the outcome. In a pay-for-performance system, the valence for employees is changed to reflect the

³³ Bloom and Milkovich, 284, June 1998.

³⁴ McShane and Von Glinow, 147, 2003.

potential changes in earnings due to good or bad performance. In turn, employee motivation and behavior must follow suit in order to achieve the valence.

For the military, analysis of expectancy theory gained particular attention in the 7th and 8th *QRMCs*. The authors of the 7th *QRMC* from 1992 recommended a restructuring of the military pay tables to “increase the returns to promotion and decrease the returns to longevity.”³⁵ The hope was that service-members would see this as a means of increasing rewards for performance.

The authors of the 8th *QRMC* argued that “motivation can be enhanced by strengthening two expectancies thorough which rewards are associated with performance and by increasing the valence of rewards.”³⁶ They concluded that the DoD could easily forge stronger links between employee desired outcomes and rewards by decreasing the time interval between reward events. This would entail merit based promotions versus incorporating elements of performance based pay. Such a change has been dubbed an improved “line of sight” between outcome and reward. They also suggest that work structure could be better organized to allow individuals to perceive more clearly the outcomes from their efforts. This point captures the essence of this project as it relates to behavior theory and is worthy of detailed discussion.

For illustrative purposes, Figure 3 combines three models presented in the 8th *QRMC* to depict a logical sequencing of their recommendations for changing military pay from the status quo. The first shows the basic model for military compensation in which the extrinsic award, pay, is appropriately the result of individual behavior. Intrinsic awards from promotion and selection for competitive programs exist inside of the personnel management system, but are not linked directly to basic extrinsic awards. This separation of personnel management seems counterintuitive at first, but it represents a fundamental element of compensating military personnel—consistent, equitable pay for all members.

³⁵ 8th *QRMC*, 103, 1997.

³⁶ Ibid, 101.

The second model graphically illustrates the over-burdened roles of promotion and retention selection boards in determining individual compensation. Under the tenets of expectancy theory, an organization that relies so heavily on the results of individual promotion and/or retention must accept individuals seeking their expected valence purely on the strength of these events. Should personnel management not effectively consider *performance* as a significant factor for determining promotion/retention eligibility, not just time-in-service and time-in-grade, the organization must acknowledge that it implicitly encourages members to value these two events above actual performance. This is, in fact, a weakness of the both the military and Marine Corps and is discussed further in following sections.

The third model in the sequence shows the potential effects of including “Performance Assessment” conducted by personnel management into the military compensation process. This explicit inclusion of individual performance assessment alleviates the over-burdened promotion/retention events by creating a clear link between performance and pay.

In summary, the current military compensation lacks an effective means of linking performance to the extrinsic reward of compensation. The intrinsic awards too heavily influence the system and over-burden the promotion and retention selection process. Without the proper reinforcement for strong performers, service members look inward to what elements of their system they can influence in order to achieve a higher valence. In turn, those that succeed in the system are not necessarily the strongest performers, but rather those that know how to “work the system.”

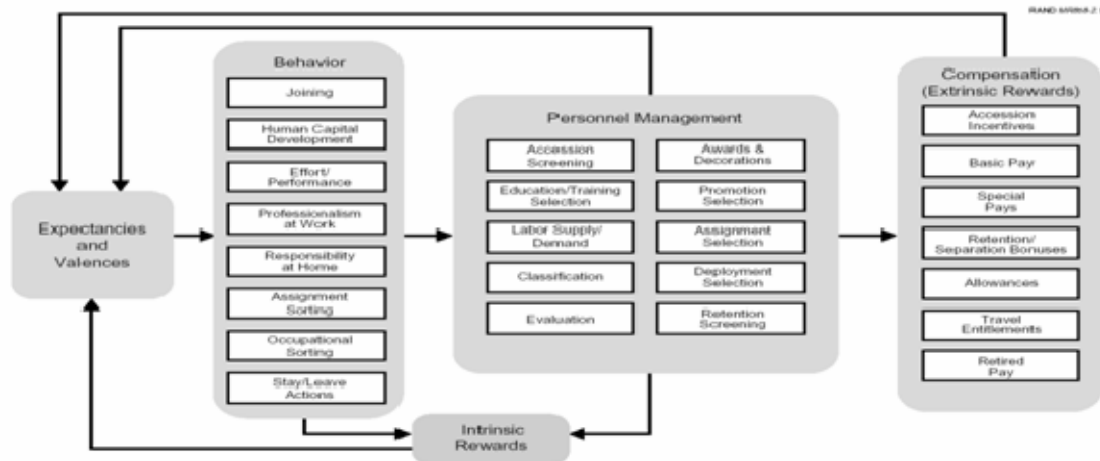


Figure 2.1—A Model Linking Behavior, Personnel Management, and Compensation

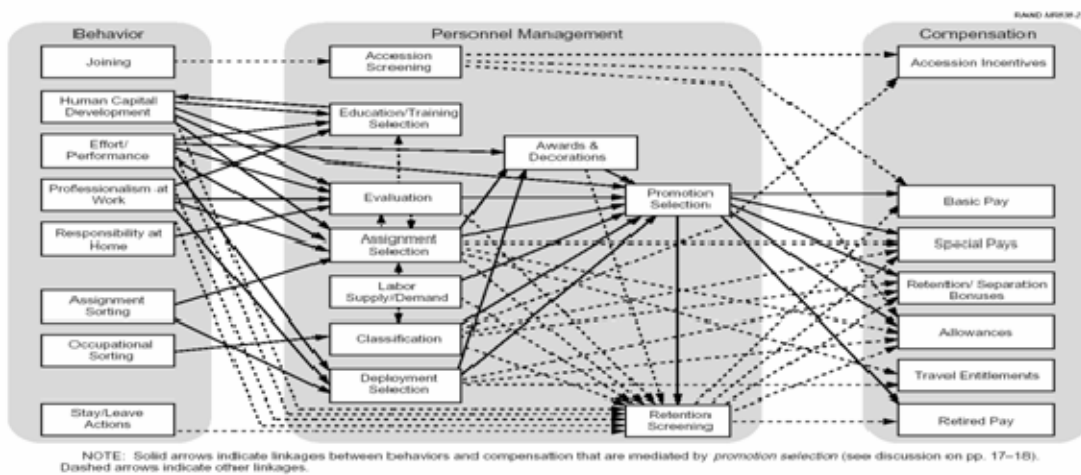


Figure 2.2—Linkages Between Specific Elements in the Military HRM System

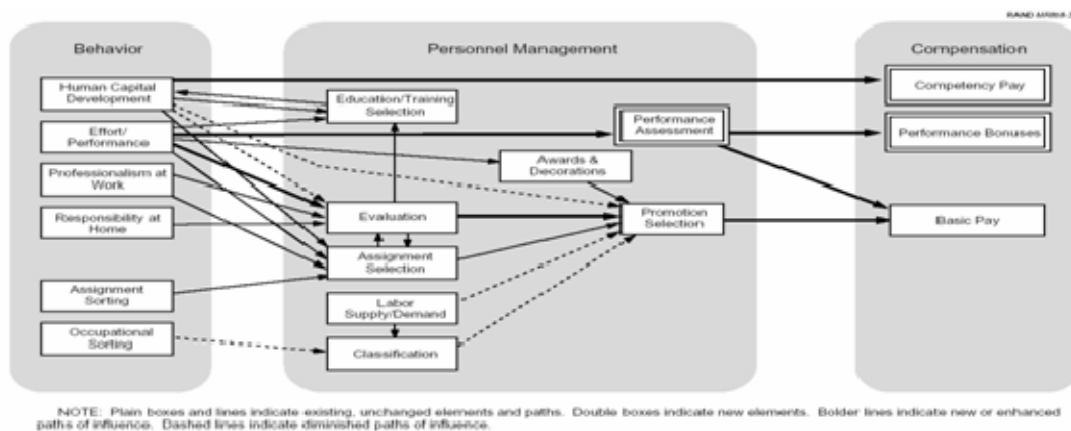


Figure 3.1—Relieving an Overburdened Promotion-Selection Process

Figure 3. Behavior, Personnel Management, Compensation Relationship Models³⁷

³⁷ 8th QPMC, 13-15, 31, 1997.

d. Behavioral Science Conclusions

Pay-for-performance systems are not without fault, nor are they right for every organization. Regarding this concept, Ganzel points out: “It sounds great, it makes intuitive sense, and it’s supposed to be the last word in motivational tools. Now if we could just figure out a way to keep it from blowing up in our faces.”³⁸

Equity, agency, and expectancy theories only scratch the surface in addressing the breadth of individual and organizational motivations, values, and cultures as they pertain to pay-for-performance. One cannot imagine all the varieties of long-term effects that result from implementing poorly designed or antiquated schemes—the reality is that these systems are constantly in flux. Milkovich and Newman profess:

Maybe the problem is that merit pay systems are out of favor right now. One survey of 250 companies reports that 30 percent are thinking about eliminating merit pay and another 10 percent already have. Despite this unrest, merit pay is still a pay-for-performance plan used for more than three-quarters of all exempt, clerical, and administrative employees.³⁹

Distinct advantages exist for organizations willing and able to invest in pay-for-performance systems—as long as they have fully anticipated the consequences. But organizations must be wary that the opposite holds true as well. Budman points out a common and unfortunate behavioral reality for many firms:

There’s an entitlement culture that’s grown up in many organizations, and employees have become very accustomed to receiving merit increases, so not receiving them would be like attacking motherhood and the flag.⁴⁰

Finally, the military acknowledges a general lack of “explicit intellectual foundation” in the design of its compensation schemes. In comparing the military to private sectors counterparts, they state:

What has not received comparable research attention and thought are the underlying concepts and principles that cause the structure of military compensation to cohere in a logical and self-reinforcing fashion. In short,

³⁸ Ganzel, 34, December 1998.

³⁹ Milkovich & Newman, 286, 2005.

⁴⁰ Budman, 34, June 1997.

the relationships between the individual components of compensation and their systemic interrelationships as a coherent structure remain largely implicit rather than explicit. Virtually every aspect of military activity has explicit doctrines, principles, and practices embodied in field manuals, technical manuals, and various joint publications. Military compensation is noteworthy in its lack of such an explicit intellectual foundation.⁴¹

Some of the potentially negative consequences as they relate to the U.S. Marine Corps will be discussed in Chapter IV.

2. Measuring Performance

Your managers hate it. Your employers hate it. By any measure, it does not do what it's supposed to do. In fact, no one's quite sure what it's supposed to do. It's the annual performance-review charade, in which, typically, managers and managed play an uncomfortable, closed-door game that no one wins. ⁴²

Matthew Budman, Across the Board

Perhaps the most difficult element of merit-based pay systems is the critical element of employee performance measurement. In order for a pay-for-performance system to have the intended result, an organizations' leadership must be able to determine the attributes by which it will rate its workforce—this is no simple task. Once standards have been decided upon, the ability to actually measure performance by them is an entirely different challenge. Finally, measuring the utility of awarding one particular performance trait over another is extremely difficult—the results of which are typically not discovered until potentially negative unintended consequences have taken effect.

Some organizations use performance measurement systems with no immediate linkages between employee evaluations and rewards. Such systems are prevalent in government-based organizations where longevity and experience are the bedrock for assessing employee value. Under these circumstances, supervisors have little incentive to

⁴¹ *Military Compensation Background Papers*, 2, May 2005, [http://www.loc.gov/rr/frd/pdf-files/Military_Comp.pdf], last accessed October 2005.

⁴² Budman, 33, June 1997.

rate employees accurately,⁴³ and the resulting consequences range from minimally positive to a significantly negative influence on the workers and unit. This reality is the very basis for pay-for-performance systems. Ganzel states:

If you think of your paycheck as something you are entitled to just for showing up, you do your job on autopilot. You give the company what you must, but no more. But if part or all of your salary is contingent on how well you actually perform your job, you'll go the extra mile. You'll attack work with vigor and revel in the rewards. And if you and enough of your co-workers get this kind of incentive, you might even deliver the service that could turn a floundering company around.⁴⁴

In the Marine Corps, most Marines perform their jobs for reasons of greater accord than pure monetary compensation. Marines perform their duties out of discipline and patriotism, as well as loyalty to each other and their unit. Yet there is an element of truth in Ganzel's assertion that has universal application.

A particularly daunting task is evaluating employee performance in complex work environments. These include cases where subordinates are not easily observable by managers or where workers perform a variety of different tasks. Baker, Jensen, and Murphy state:

While some jobs, such as sales, lend themselves to objective measurement, performance in most jobs cannot be measured objectively because joint production and unobservability mean that individual output is not readily quantifiable.⁴⁵

The less objective employees perceive their performance appraisal system, the less likely they will envision themselves being recognized and appropriately compensated. Organizations reliant upon subjective performance evaluations systems require significant trust and social pressure as norms.⁴⁶ In his 2000 thesis on Performance Based Pay for the U.S. Military, Frampton identifies three considerations to lessen the effects of subjectivity in choosing performance criteria. First, individuals must be able to

⁴³ Budman,, 34, June 1997.

⁴⁴ Ganzel, 36, December 1998.

⁴⁵ Baker, Jensen, and Murphy, 7, July 1988.

⁴⁶ Budman, 35, June 1997.

influence the performance metrics by which they are evaluated. Second, the results must be verifiable. Human judgment will inevitably be involved, but documentation (i.e., counseling) greatly reduces the potential for conflict. Finally, the performance criteria must have a direct and positive effect on organization objectives.⁴⁷

Managers do well to remember that jeopardizing employees' pay is inherently a sensitive undertaking. "It transforms the role of compensation from carrot to stick; it introduces anxiety and even desperation to the equation."⁴⁸ Furthermore, pay is a clumsy tool when used as motivator in terms of fear. In general, pay-for-performance systems receive a disproportionate level of "bad press" at the hands of organizations that hastily implement schemes inappropriate for their needs.

Performance measurement in the Marine Corps is as great a challenge as it is in the private sector. Frampton describes the currently used military rewards systems of awards/accolades, promotions, and on the spot "back patting." Rather than retell his findings, the following analysis is intended to further develop the discussion on the promotion system, as it is the most the Marine Corps offers.

The most direct relation between performance and compensation in the military is the promotion process. However, this link is all but non-existent for most service members throughout their first fifteen or so years in the military because, as Frampton points out, promotion is based almost exclusively on time-in-service/time-in-grade.⁴⁹ For example, in the Marine Corps officer ranks, promotion through Captain (O-3) is a function of time since commissioning. It has almost nothing to do with performance; barring a gross conduct offense; currently, a Marine officer can expect to be selected for Captain approximately 4 to 5 years after commissioning.⁵⁰

Promotion rates to retirement eligible ranks also reveal a lack of substantial relevance to performance. Milkovich and Newman state: "There is clear evidence that

⁴⁷ Frampton, 129, June 2000.

⁴⁸ Budman, 36, 1998, June 1997.

⁴⁹ Frampton, 123, June 2000.

⁵⁰ FY 2006 USMC Captain Selection Board, 1, 2006, [<https://www.manpower.usmc.mil>], last accessed November 2005.

poor performers are more likely to leave an organization than are good performers.”⁵¹ Yet it is difficult to grasp the correlation between good and bad performers staying or leaving the Marine Corps when 90% percent and 65% of eligible Marines up for promotion to the guaranteed retirement ranks of Major (O-4) and Staff Sergeant (E-6), respectively, are selected through annual promotion boards.⁵² More discouraging, research indicates that over time, “the average and poor performers are less mobile, and they will find it more difficult to find other work.”⁵³ The U.S. military fills its ranks as necessary to perform missions of vital national interest, but one questions both the effectiveness of the promotion process as the primary tool by which to encourage strong performance along the way.

The authors of the 8th *QRM*C conducted in-depth research concerning the military’s promotion process as an effective human resource management tool. Regarding the linkage of promotion to performance, they state:

In the focus groups we conducted, military members were asked about their perceptions of the fairness of how rewards are distributed with respect to performance. In many groups, participants cited what they regarded as selection errors in promotion processes (selection of less-deserving people or failure to select more deserving people). When asked to quantify the extent of the errors, respondents typically estimated between 5 and 50 percent. In written surveys taken by focus group participants, we also received responses that indirectly confirm a perceived gap between performance and promotion outcomes. When asked whether performance *should* affect pay, 69 percent said yes. When asked if it *does* affect pay, 31 percent said yes.⁵⁴

While their research is limited in sample size, the combination of 69% of respondents believing that performance should be linked to pay with up to a 50% error in the promotion selection process is striking evidence that this critical link is dysfunctional.

⁵¹ Milkovich and Newman, 273, 2005.

⁵² FY 2007 USMC Major Selection Board Precept, 2, and 2005 Staff Sergeant Selection Board, 1, 2006, [<https://www.manpower.usmc.mil>], last accessed November 2005.

⁵³ Terpestra and Honoree, “Employees’ Responses to Merit Pay Inequity,” 51, January/ February 2005.

⁵⁴ 8th *QRM*C, 19, 1997.

31% percent of respondents believing that performance does affect pay further supports this thesis. Lastly, regarding the concept of pay-for-performance, they find:

Interestingly, the gap between performance and promotion was seen as reflecting the difficulty of measuring performance completely and accurately; most people did not want to have pay based directly on performance because they were skeptical that their performance could be measured objectively. In addition, some expressed concern that pay for performance would undermine intrinsic motivation—the foundation for a norm of excellence. Given these concerns, most were happy to reward performance indirectly through promotion, even though people judged promotion to be imperfectly correlated with performance. They seemed to have some faith that the promotion system tended, in the long run, to screen out poor performers and reward good performers.⁵⁵

Service members acknowledge the difficulty in fairly evaluating performance. They intuitively grasp that the poor correlation between performance and promotion could translate into a similarly poor correlation between performance and performance based pay. This opinion reflects a basic lack of trust in the performance evaluation system in place, and therefore any sort of reward system designed around ratings it produces. Additionally, some respondents indicate that patriotism and esprit de corps would be undermined by the presence of a more extrinsic linkage between pay and performance. These last two topics will be further developed in Chapter IV.

The final item brought out by the respondents runs counter to research in the private sector. The notion that poor performers can “fool the system” in the short-term but are eventually weeded out is popular in the Marine Corps. However, in the long-term, higher-level performers (or those that perceive themselves to be) will likely become dissatisfied with the procedural inequity of a longevity based compensation system and be the first to seek employment elsewhere.

Finally, promotions in the military occur too infrequently to have a pronounced effect on short-term individual performance. For members who intend to leave the service after their initial obligation or soon thereafter, prospects for promotion have little to no influence at all.

⁵⁵ 8th QPMC, 19, 1997.

3. Pay-For-Performance Systems in Action

As mentioned previously, no two pay-for-performance systems are, nor should necessarily be, exactly the same. The following descriptions outline some of the basic characteristics of popular pay-for-performance systems in use today. This list is certainly not all encompassing and is intended to lay an unbiased foundation for follow-on recommendations.

a. Individual Incentive Plans

Some organizations find that *individual* incentive plans yield the best results. Such systems include merit pay, lump sum bonuses, spot awards, or some combination of the three. Merit pay is increasingly under attack for its tendency to fluctuate wages/salaries from period to period as well as a general misperception towards its effectiveness in improving performance. To be discussed later in this chapter, merit pay is currently being implemented in the civilian sector of the DoD.

Lump sum bonuses are fairly common in corporate America. Additionally, the federal government has relied upon end-of-year bonuses for civil servants for years. Currently, 26% of private sector organizations report using lump sum bonuses as a less costly pay-for-performance alternative to merit pay.⁵⁶ However, these systems are unpopular with employees for their implicit anti-entitlement nature. Lump sum bonuses are widespread across the DoD for purposes of retention and recruitment.⁵⁷ They represent a cost-effective way to smooth the force structure during periods of fluctuating unemployment, particularly in light of the bureaucratic process by which the military pay scale is modified.

Mary Kay Cosmetics uses a classic spot award scheme. In this type of compensation, payouts are immediately awarded for exceptional performance. Such systems are used by 34% of all companies and are widely regarded as moderately to highly effective.

⁵⁶ Milkovich and Newman, 289, 2005.

⁵⁷ 9th QPMC, 77, 2001.

b. Group Incentive Plans

Other schemes focus on team based incentives. These include gain sharing plans (e.g., United States Post Office, Xerox), stock ownership or option plans (e.g., PepsiCo, Coca-Cola, Lincoln Electric), profit-sharing plans (e.g., Ford Motors), or earnings-at-risk plans (e.g., DuPont Fibers). Other popular corporate examples for group incentive plans include General Electric, Corning Glass, 3M, and Saturn.⁵⁸ The obvious advantage over individual incentive plans is increased teamwork. A disadvantage is the “free-rider” problem in which some team members have the statistic propensity to “be carried” on the efforts of others with little productive contributions of their own. Frampton discusses this in his paper in greater detail.⁵⁹

For purposes of clarification and summary, the following table from the *May 2002 Pay for Performance Report* published by the Institute of Management and Administration is reproduced below as Table 2.

Type of Plan	Percent of Companies Reporting <u>Effective for Achieving Corporate Goals</u>
Long-term Executive Incentives	82
Annual Bonus	79
Individual Incentives	79
Employee Stock Ownership	79
Spot Awards	74
Gain Sharing	73
Lump-sum Merit Pay	67
Profit Sharing	64

Table 2. Overall Effectiveness of Alternative Reward Plans⁶⁰

⁵⁸ Milkovich and Newman, 311, 2005.

⁵⁹ Frampton, 128, 2000.

⁶⁰ Milkovich and Newman, 279, 2005.

With so many available schemes, designing an ideal pay-for-performance system may appear an unattainable goal. Realistically, no system is ever truly perfect; the companies that are able to assess and reassess the fit of their compensation strategies typically see the best results. Successful schemes sometimes take years of trial and error before any indication of payoff is measurable. For many organizations, neither the cost of investment in a new pay system nor the risk of its implementation outweighs the perceived benefit.

C. INTERIM CONCLUSIONS ON PERFORMANCE BASED PAY

Before broaching the two important topics of NSPS and merit-based pay for the USMC, the following short summary of the strengths and weaknesses of pay-for-performance is provided:

1. Strengths

By this point, the rationale behind linking individual performance to compensation should be clear. “The research evidence shows that merit pay systems, in general, have a significant positive impact on employee performance and on organizational productivity.”⁶¹ Variations of such systems are widespread throughout the private sector and, as discussed next, are gaining momentum in the public sector.

2. Weaknesses

It should also be understood at this point that critics cite potentially damaging effects on organizational cohesion, and in turn diminished morale and productivity, as the primary weakness of pay-for-performance systems. Authors Baker, James, and Murphy summarize the significance of this consequence in their *Journal of Finance* article “Compensation and Incentives: Practice vs. Theory”:

⁶¹ Terpestra and Honoree, “Employees’ Responses to Merit Pay Inequity,” 51, January/ February 2005.

The costs of dealing with many of the problems induced by merit systems simply outweigh the limited organizational benefits they offer... there is a large [behavioral literature] arguing that treating employees differently from each other is detrimental to employee morale... It's difficult to provide an economic explanation for why horizontal equity is desirable, and yet it seems to be a powerful force that drives firms towards consistency of pay within job type, and even across job type when employees are viewed as being of "comparable worth."⁶²

They further assert that these effects are not the result of the pay-for-performance system being ineffective, but rather too effective in motivating the wrong types of behaviors from employees. Potential long-term effects of unintended consequences are discussed in later chapters.

D. NATIONAL SECURITY PERSONNEL SYSTEM

A situation that bears similarities to performance pay for the Marine Corps is the advent of like systems in the federal government. Several Congressional initiatives to establish a performance based pay system for the Civil Service have occurred over the past few decades. During the 1970s, in an effort to energize the Federal Pay System using a methodology borrowed from private industry, Congress passed the Civil Service Reform Act of 1978, which included a merit-pay system.⁶³ In 1984, Congress attempted to reinvigorate the dawdling GS merit pay system by creating the Performance Management and Recognition System (PMRS) that attempted to refocus the incentives on achievements. In their article "Public Personnel Management," however, James Perry and Beth Ann Petrakis cited "no evidence that the pay-for-performance principles of PMRS improved organizational performance."⁶⁴ PMRS was unofficially abandoned in 1991 and research does not reveal any considerable efforts to initiate a more effective performance based system until the present.

GS Civil Service workers have typically been paid and promoted in a step-wise manner that is reputed to reward time in the system over superior performance. A GS

⁶² Baker, Jensen, and Murphy, 6-7, July 1988.

⁶³ Holliman, 8, 1983.

⁶⁴ Perry and Petrakis, 359, 1988.

employee is assigned a pay grade according to his job description and employee qualifications. He is then promoted by steps annually for steps one through four, bi-annually for steps five through seven, and every three years for steps eight through ten. For promotion to a higher grade (not a “step”), the employee must apply for or be promoted to a new job commensurate with that grade. Table 3 shows the current pay scale and methodology for the General Schedule, illustrating the methodical route to advancement.⁶⁵

Salary Table 2005-GS INCORPORATING THE 2.50% GENERAL SCHEDULE INCREASE EFFECTIVE JANUARY 2005 Annual Rates by Grade and Step										
Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
1	16016	16550	17083	17613	18146	18679	19212	19745	20278	20811
2	18007	18435	18863	19291	19719	20147	20575	21003	21431	21859
3	19617	20002	20387	20772	21157	21542	21927	22312	22697	23082
4	22056	22791	23526	24261	24996	25731	26466	27201	27936	28671
5	24677	25500	26323	27146	27969	28792	29615	30438	31261	32084
6	27517	28424	29331	30238	31145	32052	32959	33866	34773	35680
7	30567	31586	32605	33624	34643	35662	36681	37700	38719	39738
8	33852	34980	36108	37236	38364	39492	40620	41748	42876	44004
9	37390	38636	39882	41128	42374	43620	44866	46112	47358	48604
10	41175	42548	43921	45294	46667	48040	49413	50786	52159	53532
11	45239	46747	48255	49763	51271	52779	54287	55795	57303	58811
12	54221	56028	57835	59642	61449	63256	65063	66870	68677	70484
13	64478	66627	68776	70925	73074	75223	77372	79521	81670	83819
14	76193	78733	81273	83813	86353	88893	91433	93973	96513	99053
15	89625	92613	95601	98589	101577	104565	107553	110541	113529	116517

Table 3. 2005 General Schedule Salary Table⁶⁶

To reward superior performance, government organizations with GS workers typically have an allotment of funds within their O&M account set aside to make “on the spot” or “end of year” rewards. These awards span the range of \$100 to \$10,000, depending on the employees’ relative pay grade and the significance of their accomplishments.⁶⁷ Unfortunately, some perceive that many federal workers are often

⁶⁵ Defense Finance and Accounting Service, [<http://www.dfas.mil/>], last accessed October 2005.

⁶⁶ Office of Personnel and Management website, [<http://www.opm.gov/oca/05tables/indexGS.asp>], last accessed November 2005.

⁶⁷ Lee and Straus, A01, May 2004.

rewarded just for showing up. Supervisors support this mentality by making an even distribution of available bonus pay funds in order to avoid making hard choices. When questioned in a 2002 survey by the Office of Personnel Management (OPM), less than 33 percent of federal workers claimed the awards system had a positive effect on their performance.⁶⁸

In addition to the need for flexibility and the desire to increase incentives for its better-quality performers, the federal government recognizes that superior workers are often paid less than more senior and less productive civil servants who have more time in the system. In 2003, Congress, the OPM, DoD, and the White House teamed up to rewrite the rules for pay in the Civil Service and NSPS was eventually passed as part of the National Defense Authorization Act of 2004.⁶⁹ This system will use the Contribution-based Compensation and Appraisal System (CCAS)—commonly referred to as the “new band system”—to correlate workers’ pay to a graphical scale relating job performance, expectation, and pay. Highlights from the proposal include:

- Simplified pay banding structure, allowing flexibility in assigning work
- Pay increases based on performance, rather than longevity
- A performance management system that requires supervisors to set clear expectations (linked to DoD's goals and objectives) and employees to be accountable
- Streamlined and more responsive hiring processes
- More efficient, faster procedures for addressing disciplinary and performance problems, while protecting employee due process rights
- A labor relations system that recognizes our national security mission and the need to act swiftly to execute that mission, while preserving collective bargaining rights of employees ⁷⁰

The idea is to assign GS workers by field of occupation to one of three career paths with “broad band levels.” Once the employee is assigned a band correlating to her

⁶⁸Lee and Straus, A01, May 2004.

⁶⁹ NSPS Website, [www.cpms.osd.mil/nsps/nspsdocs.html/], last accessed October 2005.

⁷⁰ Ibid.

former GS level, she will initially receive the same pay. Figure 4 illustrates the general association between the old and new systems.⁷¹

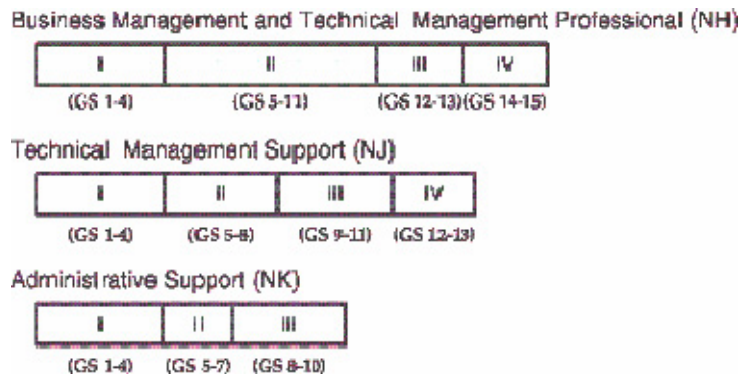


Figure 4. General Schedule Categories under NSPS⁷²

After a year of working under the new system, federal employees will receive their performance evaluation score, called the Overall Contribution Score (OCS), and their performance will be compared to their pay on the ranges depicted on the scale in Figure 5.⁷³ If an employee's score is higher than his current assigned salary, he will be eligible for a portion of the difference. If the Civil Servant's pay falls out higher than his OCS shows he should be paid, he will not be eligible for any bonuses, cost of living increases, or promotion and may even receive a reduction in pay.⁷⁴ The calculation techniques are somewhat complex, but the bottom line is evident: superior performance will result in increased pay; sub-par performance will generate a net decrease in pay.

⁷¹ Acquisition Support Center Website, [http://asc.army.mil/divisions/pm/acqdemo_ccas.cfm], last accessed October 2005.

⁷² NSPS Website, [<http://204.36.7.160/dlpps.php>], last accessed December 2005.

⁷³ Acquisition 16.

⁷⁴ Ibid, 12.

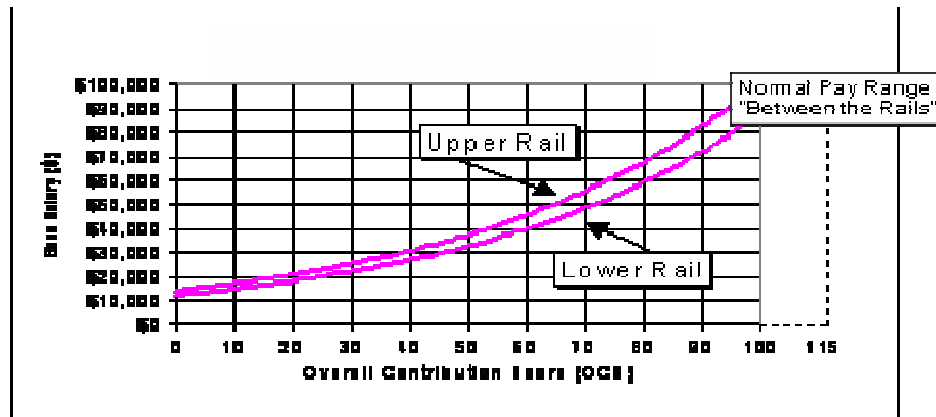


Figure 5. NSPS Pay Banding⁷⁵

As one might expect, this performance based system has received mixed reviews. If this new structure succeeds, it threatens the very nature of a culture; security and economy of effort will be exchanged for performance and appropriate rewards. While the fast-track personnel will be recognized and rewarded, personnel not regarded as superior performers will receive reduced pay, fewer promotions, and potentially less job security. The previously mentioned difficulty of ensuring a reputable performance evaluation system remains as a substantial hurdle, particularly with increased media coverage and union activity. Barr notes: “The change will challenge officials to show that pay raises are fair and untainted by politics.”⁷⁶ At the time of this writing, NSPS is currently followed in the U.S. court system, held captive to a number of Federal Employee unions

E. MERIT-BASED PAY: A FIT FOR THE USMC

*We must therefore be prepared to cope, even better, to thrive in an environment of chaos, uncertainty, constant change, and friction.*⁷⁷

Marine Corps Reference Publication 6-11B, *Marine Corps Values: A User's Guide for Discussion Leaders*

⁷⁵ NSPS Website, [<http://204.36.7.160/dlpps.php>], last accessed December 2005.

⁷⁶ Barr, 3, “Long, Hard Road From Here to Performance-Based Pay,” July 2005.

⁷⁷ Marine Corps Reference Publication 6-11B, 16-10.

To this point, many characteristics of pay-for-performance systems have been identified and discussed, but none were directly linked to the Marine Corps. The following sections detail attributes of the USMC as an organization that make it a promising candidate to benefit from performance based pay. Specific details are not covered until Chapter III.

1. Organizational and Individual Values

It has already been stated that behaviorists cannot identify with 100 percent certainty what characteristics of a pay system best motivate people. Rather, a system that rewards any given mix of longevity, experience, and performance is surely the best fit for one individual but not another. In general, however, successful organizations are the ones able to align individual and organizational values. Given its reputation and history of consistent successes, the USMC arguably has been successful in this endeavor. Major General John A. Lejeune, 13th Commandant of the Marine Corps, best describes Marine Corps lineage:

Not just what we do, our ethos is who we are and what we believe. Today, as in the past, the spirit of this ethos is born in the hearts of men and women drawn to the Corps by a common calling--a desire to serve, and a sense of duty born in ideals like patriotism, valor, and fidelity. It grows as they are transformed--from citizen-patriots of the great American stock, into Marine--mind, body, and soul. Like knights of legend, Marines are not made, they are transformed. They are forged in the furnace of hardship, tempered by the bonds of shared hazard, sharpened by the whetstones of training and education, and honed to a fine edge by innovation and ingenuity. Marines, once transformed, are forever changed--instilled with beliefs, ideals and virtues that have meaning deeper than words. Today, some of these ideals--honor, courage, commitment--form the bedrock of our institutional and individual character. They are our core values.⁷⁸

Lyons and Ben-Ora ask of leaders considering performance pay systems: “Culturally, can your organization embody a pay-for-performance philosophy? Do your employees trust management? Is there an open line of communication between staff and

⁷⁸ Marine Corps Reference Publication 6-11B, 2-9.

management?”⁷⁹ It is intuitive that having an organization made up of proud and dedicated members is an ideal foundation from which to initiate positive change. In their September 2005 *European Journal of Work and Organizational Psychology* article, Martin, Jones, and Callan cite:

Results showed that employees whose perceptions of the organization and environment in which they were working (that is, psychological climate) were more positive, were more likely to appraise change favorably and report better adjustment in terms of higher job satisfaction, psychological well-being, and organizational commitment, and lower absenteeism and turnover intentions.⁸⁰

One can argue that the same rationale holds true in the Corps, as Marines generally trust their leadership and take pride in being considered elite. Such an organization, one that touts “Know yourself and seek self-improvement” as a basic leadership trait,⁸¹ could easily benefit by properly adopting some of the tenets from a proven performance-increasing compensation system. This can be described as a “Virtuous Circle,”⁸² a phenomenon where the value of pay-for-performance schemes is greatest in organizations that already experience success.

The Marine Corps seeks a range of personalities to fill its ranks. It is safe to presume, however, that Marines in general exhibit characteristics more closely resembling those of a risk-taker over someone who is risk-averse.⁸³ While other personality traits surely influence Marines’ attraction to and satisfaction with the Corps from the standpoint of its compensation system, a performance based system would well complement the aggressive and competitive nature of Marines.

⁷⁹ Lyons and Ben-Ora, 36, March/April 2002.

⁸⁰ Martin, Jones, and Callan, 263, September 2005.

⁸¹ U.S. Marine Corps Leadership Principles, [<http://www.uspharmd.com/usmc/mcleader.htm>], last accessed October 2005.

⁸² Milkovich and Newman, 52, 2005.

⁸³ Ricks, 20, 1997.

2. FITREP System

The USMC began using their current Performance Evaluation System (PES) in 1999. This system requires two Marines senior in rank and in the same chain-of-command to evaluate every Sergeant through Brigadier General using a standardized Fitness Report (FITREP). The Reporting Senior (RS) is the Marine's immediate supervisor while the Reviewing Officer is typically the RS's Reporting Senior, or the next officer senior in the chain of command of the unit in which the Marine serves. At a minimum, each Marine is reported on once a year, but in many instances this occurs more than once (e.g., change of RS/RO, promotion, job transfer). Aside from the shared responsibilities of accurate administrative data on the Marine Reported On (MRO), the RS is responsible for grading his subordinate in 14 attributes (listed in Figure 6), and both the RS and RO are obligated to provide a narrative of the MRO's performance and future potential. The Manpower Management Support Branch describes their method:

The system recognizes the inherent high quality of the individual Marine and accounts for the fact that the "average" Marine is in fact outstanding. Listed under the five main areas of evaluation are 14 attributes in the form of Performance Anchored Rating Scales (PARS). Each of the PARS provides a complete descriptor for the evaluated attribute, reduces the requirement for written comments, and evaluates the Marine against definitive degrees of performance.

Markings of "A" to "H" correspond to three scaled descriptions to stimulate the Reporting Senior's cognitive reasoning in making the appropriate selection. The scales run from left to right; each is distinctly separate from the others. For each attribute, the Reporting Senior must give consideration to the individual's grade, experience within grade, and accumulated experience as a Marine. The "A" marking is adverse, the "H" for not observed, and "B" through "G" cover the spectrum of ratings with "G" being the highest. A justification box has been added in each section to justify adverse or top ratings in any of the 14 attributes.⁸⁴

A full example of a Marine Corps fitness report is found in Appendix A.

⁸⁴ USMC Performance Evaluation System, [<https://www.mmsb.usmc.mil/newpes.htm>], last accessed October 2005.

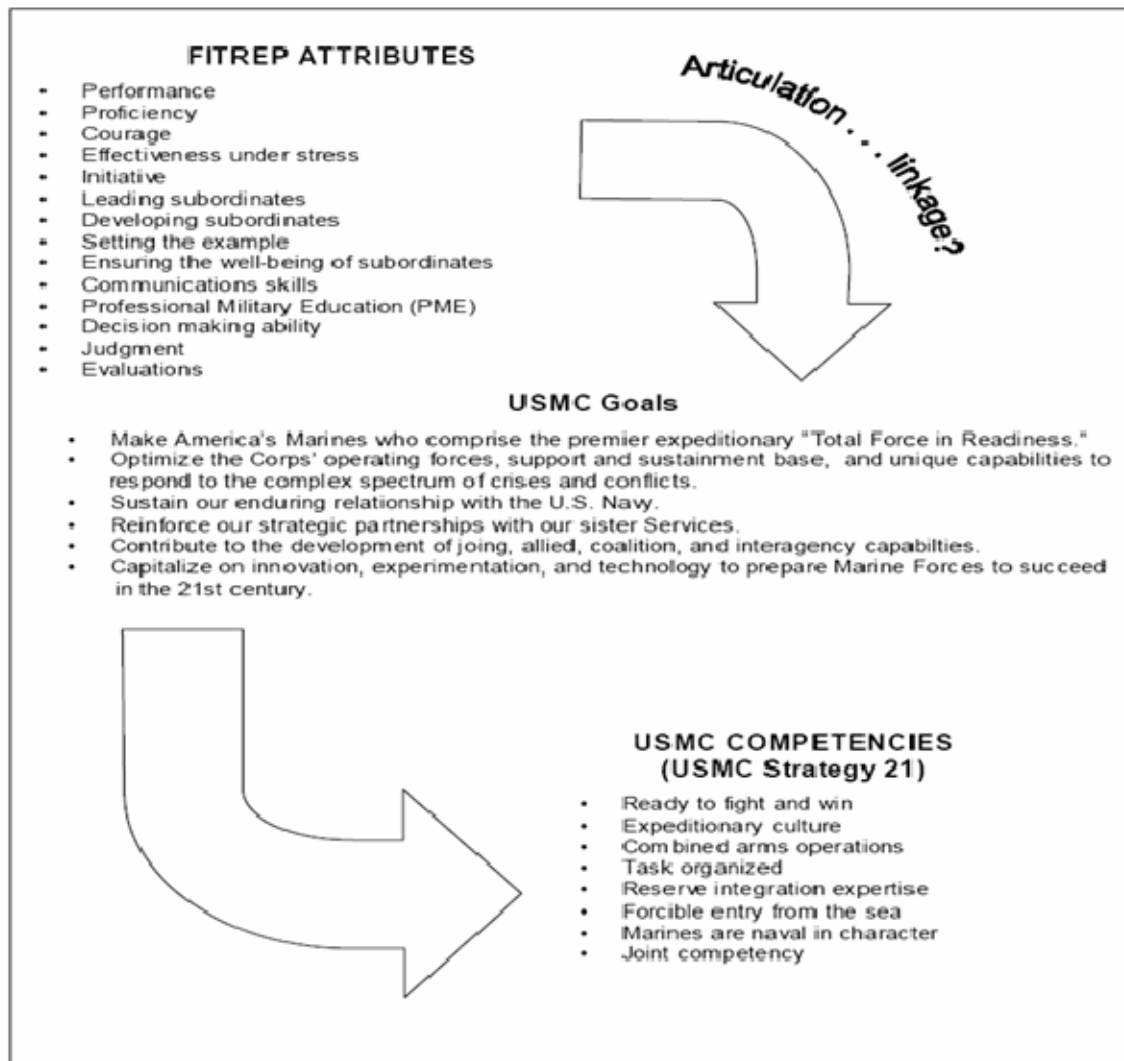


Figure 6. Expected Articulation of the USMC FITREP Competencies in the USMC Strategy⁸⁵

An important element of the USMC PES is its automation. Headquarters Marine Corps (HQMC) compiles and processes all Marine FITREPS in a centralized and automated system. By managing this database of all rankings and grades submitted by RSs and ROs, they are then able to normalize these scores for inflationary tendencies, or “reporting creep.” This is particularly useful for USMC Promotion Boards or Selection Boards as a Marine’s file is available to be fairly presented based on normalized FITREP

⁸⁵ Jobst and Palmer, 61, March 2005.

markings. While a superior Marine may be labeled “Outstanding” by his RS or RO in the narrative section of his FITREP, he is only comparatively outstanding if his scores have him fall out as a top Marine in those same RS or RO’s cumulative rankings of all Marines they have reported on. Greater detail on this system can be found in Appendix B.

In their analysis of the USMC PES, Mark Jobst and Jeffery Palmer ask the question of whether or not the FITREP appropriately links performance attributes with the USMC’s strategy. In one segment of their research, they conclude “USMC officers believe the FITREP attributes were not all equally important within, and across each MOS – although the USMC assesses them as such.”⁸⁶ They also recommend that further analysis be conducted in order to further assess the effectiveness of the weighted-average FITREP marking system as a tool to demarcate Marines, and that performance attributes be explicitly linked to the strategic goals of the USMC. Most assuredly, the USMC PES is not perfect and will need adjusting to meet the changing needs of the Corps. However, its ability to break out above or below average performers in a centralized, yet discrete method is significant to this project.

3. Signaling Theory

“A pay system reflects the values that guide an employer’s behaviors and underlie its treatment of its employees. The pay system mirrors the company’s image and reputation.”⁸⁷ Furthermore, Milkovich and Newman attest: “Employers deliberately design pay levels and mix as part of a strategy that signals both prospective and current employees the kinds of behaviors that are sought.”⁸⁸ These statements suggest that aside from influencing internal effectiveness, efficiency, and equitability, an organization’s pay structure sends an implicit message to outside stakeholders as well. As marketers quip “Differentiate or die” as a slogan to private corporations, a similar opportunity lies for the USMC in revolutionizing their antiquated compensation system.

⁸⁶ Jobst and Palmer, 6, March 2005.

⁸⁷ Milkovich and Newman, 39, 2005.

⁸⁸ Ibid, 196.

The Marine Corps has a reputation as being a change leader amongst the military branches. Author/journalist Thomas Ricks states “The Marine Corps ‘works’ as a culture, and is adept at addressing its own faults.”⁸⁹ Centuries of success portray that the Marines demand outstanding performance from their most trusted asset. Given their effectiveness in combat and in garrison in comparison to the other service branches, it is the Marine Corps that could most effectively establish an ownership culture embracing a performance based Human Resource Strategy.

4. NPS Survey

In an effort to enhance understanding of Marines’ perceptions towards their own compensation system, a web-based survey was conducted of the Naval Postgraduate School Marine Officer population. The limitations of scope for this survey are acknowledged: no enlisted Marines were surveyed; the population of Marines surveyed consists of graduate students not serving in the Fleet Marine Forces; and the large majority of respondents were Captains and Majors. However, while this survey may not present conclusive opinions for any single Military Occupational Specialty (MOS) and pay grade, it served its design by attaining preliminary impressions and insights for some pay grades across a large variety of MOSs.

The full results of the survey are included in Appendix C. They can be interpreted in multiple ways, but for purposes of clarity and discussion, results are broken down into three categories: Compensation Adequacy (Table 4), Performance Evaluation and Rewards (Table 5), and Performance Pay (Table 6).

a. Compensation Adequacy

A vast majority of respondents indicate that they are adequately paid, though one must acknowledge the limited pay grades and experience levels that make up the NPS Marine officer population. There is no consensus as to the whether or not the Marine Corps financially rewards good performance, but 77% agree that performance is

⁸⁹ Ricks, 20, 1997.

ancillary to longevity. Survey results also indicate that only 31% of respondents perceive pay equity across the Corps' many fields.

In short, the most conclusive results regarding compensation adequacy are that most Marines are content with their pay (pay is effective), a likely product of the specific field of respondents. An unsubstantiated conclusion on the questions in this category linking performance to compensation is that most Marines have never been asked or really considered the role of pay as an influential factor of performance. They believe the Corps' compensation system favors longevity, indicative of the perceived inefficiency of the simplistic military pay tables. Lastly, Marines are paid in an inequitable manner across occupational specialties.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I am adequately compensated by the U.S. Marine Corps.	1% (1)	14% (21)	11% (16)	59% (86)	16% (23)
I feel that I am financially compensated to put forth the extra effort.	10% (15)	24% (35)	27% (40)	32% (47)	7% (10)
The U.S. Marine Corps pays its Marines only enough to keep them in the Marine Corps.	5% (7)	28% (41)	25% (36)	36% (53)	6% (9)
The U.S. Marine Corps pays its Marines fairly from MOS to MOS.	10% (15)	38% (55)	21% (31)	28% (40)	3% (5)
Pay provided by the U.S. Marines is enough to adequately motivate strong performance.	7% (10)	34% (49)	26% (37)	32% (46)	2% (3)
The U.S. Marine Corps pay system favors performance over longevity.	25% (36)	52% (76)	14% (20)	10% (14)	0% (0)

Table 4. NPS Survey Results: Compensation Adequacy

b. Performance Evaluation and Rewards

Marine respondents indicate mixed perceptions towards the FITREP, but 68% are neutral or agree that it is an effective performance-measuring tool. 70% have the same opinion of the promotion process. Conversely, 67% of respondents are neutral or disagree that individual awards adequately reward superior performance. Only 18% agree that the Marine Corps adequately rewards superior performance.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The USMC Fitness Report System fairly assesses my performance.	6% (8)	26% (38)	21% (30)	44% (64)	3% (5)
Individual Awards adequately reward superior performance.	12% (17)	32% (47)	23% (34)	30% (43)	3% (4)
I feel that promotions are an adequate reward for performance.	6% (9)	25% (36)	22% (32)	38% (56)	9% (13)
The Marine Corps adequately rewards outstanding performers with the current compensation plan.	10% (14)	39% (56)	33% (48)	15% (22)	3% (5)

Table 5. NPS Survey Results: Performance Evaluation and Rewards

c. Performance Pay

Respondents exhibit a very even distribution of opinions on the Marine Corps changing its compensation system to reward performance. 72% indicate that they would put forth the same effort regardless, and only 22% agree that they would be more inclined to stay in the Corps should performance pay be adopted. One interesting element of these responses is revealed in comparing two like questions: respondents exhibit a slightly favorable attitude towards “incorporating a small element of performance based pay into the Total Compensation Package,” but when a link between pay and the FITREP is made explicit, they indicate a less favorable opinion. As is discussed in later sections, Marines will first need greater assurance that their performance evaluation system is fair before they are willing to put their pay on the line—even for the betterment of the organization.

Survey results also further strengthen the preconception that there may be a negative impact on morale and unit integrity; this belief is better captured by the individual comments found in Appendix C.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The Marine Corps should consider changing their pay system to reward outstanding performers.	9% (13)	31% (45)	26% (38)	27% (39)	8% (11)
Associating a part of individuals' pay with performance would adversely affect morale and unit integrity.	2% (3)	23% (33)	24% (35)	39% (56)	12% (18)
The Marine Corps would benefit by incorporating a small element of performance-based pay into the Total Compensation Package.	6% (8)	26% (38)	23% (33)	38% (54)	8% (11)
I would the put forth the same effort with or without the prospect of earning a 10% bonus.	2% (3)	17% (25)	9% (13)	46% (67)	26% (37)
I should be paid more than another Marine of the same rank and Primary MOS if I am a better performer.	9% (13)	36% (52)	25% (36)	25% (37)	5% (8)
Above average Marines will not work any harder to earn additional compensation.	4% (6)	34% (49)	18% (27)	34% (49)	10% (15)
I would be more likely to stay in the Marine Corps if part of my pay was linked to my performance.	10% (15)	41% (60)	27% (39)	14% (21)	8% (11)
A small annual bonus awarded to above average performers based upon normalized Fitness Report rankings would increase the overall effectiveness of the U.S. Marine Corps.	20% (26)	36% (52)	25% (36)	21% (30)	1% (2)

Table 6. NPS Survey Results: Performance Pay

d. NPS Survey Conclusions

The hypothesis prior to conducting this survey was that the USMC adequately addressed all but individual equity in their compensation system and that it has limited means to recognize its best or penalize its poorest performers. Based on the results of this web-based survey these preconceptions were proven true. Respondents believe that the Marine Corps would benefit from adding some element of performance pay; however, they believe they should not do it for the potential negative effects on unit cohesion and devaluation of the intrinsic motivators of patriotism and esprit de corps. There are also indications that while both the Marine Corps compensation and performance evaluation systems satisfy most of its members, most seem skeptical that

these two systems are ready for integration. It is recommended that a qualified agency conduct a similar survey on a more representative sample to achieve more useful conclusions.

F. CHAPTER SUMMARY

This chapter presented of the complexities of designing a total compensation system. Elements of basic pay model as described by Milkovich and Newman provided background for designing and establishing an appropriate and effective compensation system, and vast historic DoD analyses further addressed this subject as it applies to the military.

Top-level organizational strategy and organizational goals, values, and culture should all steer an organization to an appropriate compensation system. The Marine Corps is an ideal candidate for implementing a pay-for-performance system, a proven method to increase performance, for its level of continued successes, small size, well-respected performance evaluation system, and aggressive organizational culture.

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III. RECOMMENDATION FOR A PERFORMANCE BASED BONUS

We must create a compensation system that will allow the DoN to compete successfully for talent, encourage and reward performance, and recognize contribution.

Department of the Navy Human Capital Strategy, June 2004

Leveraging the theory behind pay-for-performance systems and the rationale for recommending the Marine Corps implement some pay-for-performance variant, this chapter discusses actual recommendations for USMC leadership to consider. As the chapter's title suggests, this project ascertains that a performance based bonus, a lump-sum hybrid, is best suited for the Marine Corps. This is a walk through the rationale behind the recommendation and concludes with some suggested details on the suggested performance based bonus.

A. REQUISITE CHARACTERISTICS

What one might consider "requisite characteristics" for a pay-for-performance scheme to best serve the USMC will vary from Marine to Marine. While it is impossible to satisfy all of the stakeholders involved, basic attributes worthy of consideration are described below.

1. Benefits Must Outweigh Costs

Like most organizational changes, decisions that modify compensation are highly visible and scrutinized within and outside of an organization. A basic question to ask is "Do the perceived benefits of making the change outweigh the perceived costs?" This question addresses a fundamental economic issue, yet the more subjective the performance measures in a system, the more difficult it is to assess the utility of any given action or input. In the case of USMC compensation, each stakeholder has his own subjective opinion about the importance of Marine Corps pay and the potential effects of

linking some part of it to performance. The NPS survey conducted in support of this project suggests that many Marines are likely to have a negative first impression of the idea due to their inherent loyalty to their unit and the Corps. Therefore the *perceived* costs for many, whether accurate or not, will outweigh the corresponding benefits. This is not to suggest that each Marine must agree with the change, but member buy-in is essential in realizing successful pay-for-performance system design and implementation—particularly in the eyes of the leadership. In the end, if the leadership cannot perceive a net benefit for the Marine Corps’ performance based pay, the idea should not be implemented.

The reader may have noticed that the word “perceived” has been used thus far to describe costs and benefits, possibly prompting a natural digression to a discussion on *values*. In reality, there is no way to measure the actual values of the Marine Corps. The Corps espouses Honor, Courage, and Commitment as core values, but clearly these are characteristics difficult to measure. “Courage” may appear as one of fourteen attributes on a Marine’s FITREP, but descriptive phrases such as “Guided by conscience in all actions” are vague at best. Despite its relevance, this line of discussion goes beyond the scope of this project and is acknowledged as one of many limitations.

2. Equitability / Efficiency / Effectiveness

As introduced in the previous chapter, compensation systems require balancing equitability via experience, longevity, and performance; efficiency in utilizing resources; and effectiveness in meeting organizational strategic goals. These characteristics are considered throughout this chapter.

NPS survey results indicate the Marine Corps is *effective* in adequately compensating the population of officer respondents, but not *equitable*. Furthermore, a vast consensus of respondents (over 75%) indicates that the USMC pay system favors longevity over performance, suggesting that the system is also *inefficient*. While the Marine Corps is regularly successful in performing its missions, it appears its pay system sacrifices equitability and efficiency for the sake of effectiveness. Part of the reasoning

for this is simply because it can—it has the federal government funding its workforce. Another more influential cause, one all too common in large organizations, is that it has always been this way.

One vantage is that incorporating pay-for-performance into the Marine Corps' compensations system trades the perceived level of "equitability" amongst the ranks for "efficiency." Detractors cite a loss in unit cohesion due to an increased favoritism should pay be linked to performance. Yet, the basis of the current promotion process, a process believed to be an effective tool by 47% of the NPS respondents (31% disagree, 22% were neutral), is individual performance. Therefore, the single most important tool for rewarding excellent performance is based on years of FITREPs written by the same Marines that would continue to author them in a pay-for-performance system.

The significance of this last idea can be exemplified through the following hypothetical example: an outstanding Marine serves in a unit that does not deploy to a combat environment during his first seven to ten years in the Marine Corps. When screened for promotion, he may be selected with his peers who have also satisfied essential requisites. However, when the time comes for him to be considered for command of a unit, or some other career defining billet, he may not receive the same consideration as a peer (even if that peer is a poorer performer) who deployed to the theater of operations. This is only a hypothetical situation, but it is relevant to the concepts of effectiveness, efficiency, and equitability as they pertain to Marines' incentives and compensation. In this realistic scenario, the outstanding Marine's potential would be underutilized and the Corps could have a less qualified Marine in a command billet. The superior performer could resign or could choose to stop performing at any level greater than the minimum required, recognizing his future is limited and he can retire in a few years with a lifelong pension. Either way, had this Marine been compensated for superior performance without regard for his arbitrary duty assignments, he may be inclined to remain and continue his high standards of performance.

3. Fitness Report

With the Performance Evaluation System centrally managed by Headquarters Marine Corps (HQMC), the USMC has the technology to support a pay-for-performance scheme. Fitness Reports are normalized to reflect relative markings per evaluator. Therefore, markings on all evaluated Marines by common Reporting Seniors (RSs) and/or Reviewing Officers (ROs) present actual standings throughout the Corps. Additionally, Marines are all evaluated on their ability to write Fitness Reports on their subordinates, providing a self-imposed incentive within the system to perform this duty correctly. Unfortunately, despite having been in use since 1999, many Marines do not conceptually understand the equalization that occurs through the normalization process. In fact, the system is still referred to as the “new system” by most Marines, even though it is over six years old. Comments left by the NPS survey respondents reveal a general lack of understanding about the USMC PES. The natural by-product of this deficiency is a lack of confidence in using the FITREP as a measurement tool in determining performance based pay.

A number of Marines fear that favoritism pervades the PES system.⁹⁰ This presents an obvious and considerable obstacle to achieving member buy-in for performance pay in the Corps. In actuality, these weaknesses do not present a significant challenge for tying performance to pay for two reasons. First, while inflationary tendencies and “reporting creep” may occur, intentionally or unintentionally, a single RS or RO would not have the lone influence to award or withhold a Marine’s performance bonus. By design, the system would award only the comparatively superior performers throughout the multiple ranks and MOSs in an indirect manner. Thus, an RS may rank a Marine in his personal top quartile, but this is no guarantee that the Marine ends up in the top quartile among his particular segment of the Corps.

Pay-for-performance is primarily a tool to encourage and reward excellent performance on a short term basis. While evaluators may feel inclined to elevate their FITREPs to make their Marines appear superior in the near-term, they dilute their own

⁹⁰ NPS Marine Officer Survey.

markings in the long-term, rendering their previous evaluations comparatively inferior. RSs and ROs understand this self-monitoring aspect of the Marine Corps PES and, as mentioned, they themselves are evaluated on their ability to appraise subordinates fairly. The likelihood is extremely low that the officers who act as Reporting Seniors and Reviewing Officers as a whole will sacrifice their evaluation baselines and risk their professional reputation and own marks as FITREP writers to award one or a few Marines a small bonus, particularly when they don't know if their efforts will even work.

B. OPTIONS

When it comes to compensation systems, there is no single solution. Some mix of fixed and variable pay is appropriate, but it depends on the situation. This is certainly the case for the multiple variations of performance based pay available for the Marine Corps' consideration. Some of the more popular options were discovered through interviews and research involving analogous organizations; they are discussed in order to provide further support of the recommended performance based bonus.

1. Merit-Pay

Merit pay, by a textbook definition, "links increases in base pay (called *merit increases*) to how highly employees are rated on a subjective performance evaluation."⁹¹ In Chapter II, these schemes were scrutinized for their tendency to fluctuate wages or salaries from period to period by incrementally changing base level pay for individual employees. This methodology seems inappropriate for the military, both for its complexity and the entitlement mentality it conveys.

2. Pay Banding

Traditional pay banding, the bedrock for the new National Security Personnel System (NSPS), is being implemented against a tide of resistance in the DoD civilian sector. It is an extremely complicated undertaking for the DoD civilians. The

⁹¹ Milkovich and Newman, 287, 2005.

characteristic of pay banding that makes it a poor choice for the USMC as well is the prospect of Marines *losing* pay. While the potential for earning a bonus for above average performance may better align the individual Marine's goals with those of the Corps', the opposite likely is true as well. Marines losing pay at the end of the year suggests that they are being punished. This would have a negative net effect on the Corps as a whole; far outweighing the benefits associated with having some receive increased pay.

3. Group Based Incentive

Group based incentive compensation schemes promote increased teamwork, but are not good for today's Corps for several reasons. First, pitting one unit against another could harbor internal rivalries that currently do not exist in the Marine Corps. There is also the "free-rider" problem of strong performers propping up the weaker ones. Finally, certain units, like certain individual Marines, get "lucky" in their scheduling cycle. It would be very difficult to compare a non-deployed unit conducting training or refitting against a comparable unit in a combat environment.

Group-related merit based pay is also too subjective and complex. Marines continually rotating in and out of units and the leadership/personnel assignment balancing by higher headquarters are two of many reasons it would be difficult to fairly evaluate "unit success." The Marine Corps does not have a performance evaluation system at the unit level that compares to PES. Aside from the enormous complications in designing one, from a strategic standpoint, attempts to create such a system would likely meet so much resistance they would be undermined at the outset.

4. Lump Sum Bonuses

The simplest pay-for-performance scheme is a lump sum bonus. This method is ubiquitous within the private sector for rewarding excellent individual performance. However, lump sum bonuses experience no fewer complications than other performance pay methods in fairly differentiating recipients. Lump sum bonuses can easily be misused, particularly if the wrong levels of leadership within the organization control

their distribution. Likewise, the entitlement culture that may potentially arise should bonuses be too liberally awarded cultivates lethargy for members overly accustomed to receiving them.

One detractor of a lump sum bonus for the USMC in particular is the perception of distributive justice across the ranks. For example, one Marine Sergeant receiving a 10 percent bonus, worth around \$2,500, could easily create an atmosphere of resentment and distrust.

C. PERFORMANCE BASED BONUS

After weighing the strengths and weaknesses of various pay-for-performance schemes, a performance based bonus (PBB) is considered to be the best alternative. This recommendation considers pay effectiveness as well as distribution equitability in its design. To reiterate, this model is only one of countless ways to implement performance pay into the Marine Corps; this example simply demonstrates that it can be done. Based on the preceding discussion, the underlying assumptions going into this recommendation include:

- The net benefits of this system outweigh the net costs.
- The USMC Personnel Evaluation System is an effective method to measure Marines' performance.
- Marines will work harder given the prospect of earning this bonus.

Other key characteristics of the PBB follow:

1. Segmentation

Equitability is a critical concern in implementing this system. One way to make the system equitable across the Marine Corps is to segment by rank and Military Occupational Specialty (MOS). Each of these segments makes up a small percentage of the entire population of Sergeants and above. Therefore, each segment could receive a proportional amount of bonus money, creating a simple and understandable design.

Distributing money by segment, USMC leadership could selectively choose which segment gets how much to maximize the overall effect, or “bang for the buck.” For example, Marine Colonels may be less motivated to increase effort for a given bonus than a Staff Sergeant, in which case the Corps could earn a greater return on bonus dollars dedicated to the latter rank. In this case, the more strenuous specialties could receive a greater relative share of bonus money. One way to address this is to set ceiling and floor constraints on how much a single segment can collect relative to their proportional size or wage bill in the Corps. This method is demonstrated later during the description of the PBB model. The bottom-line is that the Marine Corps needs a fair method for apportioning bonus money, and it should consider retaining some leeway to provide bonuses to those segments which promise the greatest return on their investment.

2. Pay Amount and Schedule

Current literature suggests it takes an additional ten percent of one’s annual pay to comprise a bonus that has a discernible effect.⁹² Recognizing this norm, the optimization model to be presented keeps all bonuses at ten percent of basic pay; but higher effectiveness could theoretically be extracted by distributing a portion of that percentage to all Marines so that every Marine gets some bonus between one and ten percent. More of a marketing and buy-in technique, this will keep Marines who may be struggling from feeling disenfranchised – they will be more likely to remain focused on increasing their bonus share, rather than quitting out of frustration had they received nothing. The bonus should be paid on a monthly basis and not as a lump sum bonus to alleviate (though not eliminate) the sense of inequity. While the topic of budgeting goes beyond the scope of this analysis, a portion of the Marine Corps personnel appropriation could be “fenced” to present a reliable and reputable system, as is currently done for the Enlistment, Selective Reenlistment, and Critical Skill Retention Bonuses. In theory, the savings incurred through a more effective work force and greater retention offsets the monetary cost of

⁹² Liccione, 45, March/April 2002

merit based pay.⁹³ However, this is not likely to be the case for the Marine Corps as its force structure is foremost determined by strategic, operational, and tactical necessity.

3. Indirect Recipient Determination

The awarding of the bonus will be indirect. Unit commanders will certainly serve a critical role in determining bonus recipients, but it will only be through their normal participation in the FITREP system. Under this system, one Marine will not be able to financially reward another. This concern was voiced multiple times by NPS survey respondents, and it is therefore considered critical that this facet be emphasized, no matter what pay-for-performance scheme is selected.

The process of determining how many bonuses are awarded obviously depends, in part, on how much money is dedicated to the program. The number of bonuses will also be affected by their distribution amongst the various segments, as basic pay increases with rank in this model. Once the number of bonuses is determined, so too is the average percentage of Marines eligible for a PBB per segment. This percentage can be linked to the normalized rankings produced via the USMC FITREP tracking system at Headquarters Marine Corps. Obviously, more bonus money means a larger number of Marines receive more meaningful bonuses.

4. Other Considerations

Should the Marine Corps incorporate performance pay elements into its compensation system, numerous additional details will need to be resolved. One such issue is Marines serving in “non-observed” billets. It is recommended that Marines serving in such billets remain ineligible for a PBB during that period.

Another consideration is that by linking PBB to the FITREP, only E-5s and above are eligible for a bonus as E-4s and below are evaluated in a different manner. Making up approximately 60 percent of the Marine Corps, E-4s and below represent a majority of

93 Terpestra and Honoree, “Employees’ Responses to Merit Pay Inequity,” 51, January/February 2005.

the Marine Corps.⁹⁴ The effects of this shortcoming are somewhat alleviated by the current performance recognition norms already in place at these most junior ranks, but their inclusion into the pay-for-performance system should be considered in further analysis.

5. Optimization Model

The purpose for creating an optimization model is to help determine the best method of awarding performance bonuses. Due to the complexity in distributing bonuses across multiple segments, this computer aided decision support tool can easily capture the intent of the equitability, efficiency, effectiveness design characteristics discussed earlier in part two of this chapter. This model will prove particularly useful for managers to later perform sensitivity analysis or quickly determine new results by modifying inputs. Appendix D depicts such a model created using Microsoft Excel (Solver). This model represents only a crude depiction of what actual implementation would require. In designing this model, segments are limited to the officer ranks of 2nd Lieutenant (O-1) through Colonel (O-6) and are broken down into four basic specialties (an obvious oversimplification): Ground Combat Arms (e.g., Infantry, Artillery), Ground Support (e.g., Intelligence, Supply, Logistics, Finance), Aviation (i.e., Pilots and Naval Flight Officers), and Aviation Support (e.g., Aircraft Maintenance, Aviation Supply). The purpose of this model is to demonstrate the feasibility of implementing a performance based bonus to increase utility using the FITREP and Marines' inputs as variables.

Details of the PBB model are as follows.

a. Objective Function

The objective function for this optimization problem is to maximize the total utility attainable given multiple budgetary and percentage/equity constraints (discussed below). For purposes of this model, utility is based on the expected increase in output of each segment of Marines. Once the model computes the optimum number of

⁹⁴ *Marine Corps Concepts and Programs 2005*, 238, 2005.

10 percent bonuses awarded to each segment, the total utility is computed by summing the products of the number of awards in each segment by the segments' individual utility factor. For clarification, the objective function can be expressed algebraically as:

$$(Maximize)TotalUtility = \sum \#BonusesAwardedPerSegment * UtilityFactorPerSegment$$

b. Decision Variables

The decision variables in this model are the number of bonus awards available per segment.

c. Constraints

Three constraints define the boundaries of this optimization model. First, the total amount of money to be spent on bonus awards obviously constrains the total number of awards. The other two constraints are both related to the discussion on segmentation in Section C-1 of this chapter. It must be decided how many bonuses any given segment can receive relative to their actual percentage of the Corps. A perfectly equitable system would require that the percentage of bonuses for each segment exactly equal their make-up of the total population. However, various segments might receive higher utility from a bonus, so relaxing this equality constraint actually increases the total utility. To incorporate this flexibility, the model includes constraints on the maximum and minimum percentage of bonuses for each segment. This feature represents the ability of the Performance Based Bonus to award merit based compensation in an effective, yet equitable manner.

d. Model Inputs

This model requires only a few inputs before it can be optimized. First, the amount of bonus money available to be distributed across the sixteen segments is a basic yet necessary consideration. Similarly, the size of the bonus award as a percentage of basic pay also determines the number of bonuses available for distribution. The equitability constraints, as described in previous section, must be input for Solver to

account for the overall degree of flexibility it has in distributing the bonuses across segments. The final inputs, also the most subjective and difficult to estimate, are the individual segment utility factors.

*e. **Model Results***

Various useful results are presented in the spreadsheet once Solver has computed the decision variable values that maximize the objective function. These are automatically computed in the spreadsheet once the solution is accepted. These include the total number of bonuses offered, the total value of these awards (which should always equal the exact amount of money available), the percentage of the budget for awards actually used (which should always equal 100 percent), and two tables that break down the award distribution—one by rank and one by MOS category. The “final solution” to the model, labeled “Increased Efficiency” in the model, represents the ability of the Performance Based Bonus to award merit based compensation to achieve greater organizational efficiency. This answer is derived by adding the net effects of the individual segments (the overall segment utility factor reflecting the quantity of bonuses awarded to the segment). The results presented here are a replication of the full model in Appendix D:

Increased Efficiency	% of Budget Spent	# Bonuses Offered	% Receiving Bonus
4.870%	100.0%	19.3	12.8%

Bonus Breakdown by Rank

	# Bonuses	Bonus \$	% Tot. Bonus \$	% Makeup	Bonus \$ % Per Segment
O1	0.0	\$0	0.0%	0.0%	0%
O2	0.9	\$3,333	3.3%	2.7%	123%
O3	15.1	\$75,667	75.7%	69.3%	109%
O4	3.0	\$19,000	19.0%	25.3%	75%
O5	0.3	\$2,000	2.0%	2.7%	74%
O6	0.0	\$0	0.0%	0.0%	0%

Bonus Breakdown by MOS

	# Bonuses	Bonus \$	% Tot. Bonus \$	% Makeup	Bonus \$ % Per Segment
GCA	1.5	\$8,000	8.0%	10.7%	75%
GS	12.2	\$62,167	62.2%	54.0%	115%
AVS	2.4	\$11,833	11.8%	11.3%	105%
AV	3.2	\$18,000	18.0%	24.0%	75%

Table 7. Optimization Model Results

f. NPS Example

The model presented in Appendix D illustrates this optimization model in determining the best distribution of bonus money across the subject segments. This explanation is intended to clarify details that may not be explicit or clear from looking at the model.

The inputs into the model are \$100,000 of bonus money available, 10 percent of basic pay awards, and minimum and maximum segment shares of bonus equitability constraints set at 75 and 125%, respectively. The final inputs, the individual segment utility factors, were determined by taking the weighted average results from the NPS Survey question “How much extra effort would you exert in order to earn a bonus equal to 10% of your basic pay?” Across the segments, the following bonuses are available:

O1				O2				O3			
GCA	GS	AVS	AV	GCA	GS	AVS	AV	GCA	GS	AVS	AV
0.0	0.0	0.0	0.0	0.0	0.7	0.2	0.0	1.0	10.3	2.0	1.8

O4				O5				O6			
GCA	GS	AVS	AV	GCA	GS	AVS	AV	GCA	GS	AVS	AV
0.5	1.1	0.2	1.3	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0

Table 8. Optimized Distribution of Performance Based Bonuses for NPS Survey Population

As planned, each segment that is actually represented in the NPS survey respondent population receives some amount of bonus within 25 percent of the actual proportion of the total population. These results are also broken down by rank and MOS category. By rank, O-2s and O-3s receive a higher proportion of bonus money than O-4s and O-5s (123% and 109% versus 75% and 74%, respectively). Additionally, Ground Support (GS) and Aviation Support (AS) MOS categories, at 115% and 105%, respectively, receive more than their proportionate share of bonus money compared to the Ground Combat Arms (GCA) or Aviator (AV) segments, at 75% each. Both of these occurrences reflect the model's bias to maximize total utility by favoring those segments that exhibit the highest potential increases in effort.

The remaining results of this example are included in Appendix D as well as in the previous section. As expected, 100% of the budgeted money is spent in awarding 19.3 bonuses. As 150 Marine officers make up the population in this example, 12.8% of the officers are eligible for the bonus overall, subject to the equitability constraints.

6. Model Limitations

The goal of this model is to demonstrate just one approach to distributing a performance based bonus—multiple limitations are acknowledged and have been considered in its design. The most glaring limitation is the ability to measure the utility of increased effort across the segments. With its narrow population of respondents, the NPS survey only scratches the surface in determining if a Marine would put out extra

effort at the prospect of receiving additional compensation. The survey question “How much extra effort would you exert in order to earn a bonus equal to 10% of your basic pay?” is a crude means to measure of the actual effects of implementing the change. Over half of the survey respondents indicated that they would not work harder at all; many seemed insulted at the question in their individual remarks. While people generally under-value the importance of their pay during surveys,⁹⁵ there clearly must be a larger scale endeavor to predict these behaviors in the Corps.

Another limitation of the model is the relative effects differing times-in-grade have on budgeting for each segment. Bonuses within a prescribed segment will vary across recipients. For example, a Marine crew chief on a C-130 aircrew could be a Sergeant with 5 years or a Staff Sergeant with fifteen to twenty years of service. A 10 percent bonus would cost considerably more for the Staff Sergeant than for the more junior Marine from the same segment.

The model provides only a snapshot to determine the annual number of bonuses that can be awarded given various constraints. However, as the USMC PES requires the submitting of FITREPs for different ranks at different times of the year, the system will need to reach a steady state to account for the required flow of funding to the program. Along these same lines, many Marines receive multiple FITREPs over the course of a single year. No matter what the circumstances, however, every Marine will have at least one written report annually. It is recommended that each segment’s rankings be established at this point of the year to determine the PBB recipients (i.e., Marines with multiple FITREPs over the period will have their markings consolidated—this task is already done on each Marines’ Master Brief Sheet).

The decision variables in this mode and the number of bonus awards offered to each segment can be constrained to whole numbers. After all, how can the USMC award fractions of bonuses? However, this constraint must be removed to perform sensitivity analysis on the results of the Solver solution. This limitation is a serious concern once

⁹⁵ Milkovich and Newman, 23, 2005.

the system achieves a steady state of operation. Various PBB fund accounts could carry forward fractions of awards not given from year to year, in the aggregate achieving whole numbers of awards.

Finally, this model loosely affiliates the multiple MOSs throughout the USMC into four categories for purposes of clarity. A more realistic model could easily have fifty or more categories, greatly complicating its understanding, and in turn, its credibility. However, including more MOSs will help account for the various secondary MOSs in which Marines serve, a significant consideration given the large percentage of Marines serving in a billet other than their primary MOS at any given time.

D. CHAPTER SUMMARY

This chapter outlined the basic characteristics of a pay-for-performance scheme for the Marine Corps. Several potential systems were compared, with the most appropriate fit for the Corps being a performance based bonus. The characteristics of the recommended scheme were described in detail, including the basic design assumptions, a scheme to segment the Corps, bonus' amounts and award scheduling, and award distribution. Finally, an Excel based optimization model, Solver, was described that could be used in effectively, efficiently, and equitably awarding these bonuses. NPS survey data was used as an input to this model to illustrate its operation.

IV. IMPLEMENTING ORGANIZATIONAL CHANGE

The Federal Government must adapt to a range of major trends and challenges in the nation and the world, and to respond, it must have the institutional capacity to plan more strategically, identify and react more expeditiously, and focus on achieving results. Critical to the success of this transformation are the federal government's people- its human capital.

United States Government Accountability Office, July 2005.

A. INTRODUCTION

Many Marines are predisposed against the idea of performance based pay.⁹⁶ Although there are some legitimate concerns associated with the idea, much of the resistance, though cloaked with legitimacy, may be very personal at the roots of their opposition. Human nature is generally resistant to change. In an organization where the decision makers are the Marines with the most longevity, it would be counter intuitive for them to alter the system that rewarded the very behavior that put them into their place of influence. It takes courage and intellectual objectivity to analyze the Marine Corps' compensation system outside of one's personal sphere. To truly effect this change, all Marines must be convinced that performance pay is legitimate and good for the individual as well as for the Corps.

This chapter touches on contemporary techniques for organizational change in general, followed by a recommendation made by the Government Accountability Office on modifying government compensation systems to include a component of merit or performance based pay. It concludes with one suggested method to initiate and sustain performance pay in the Marine Corps. This submission is by no means the way, but merely a demonstration that shows one of the ways.

⁹⁶ NPS Marine Officer Survey.

B. GENERAL DISCUSSION

Its human nature to resist change: when Marines say they oppose performance based pay, fear of the unknown and saving face are two compelling factors that may be the true heart of their concerns. Any opponent of this idea must ask him or herself, “Is my opposition based on principle, practicality, or self?”

Adding a component of performance based pay to the Marine Corps’ compensation system is not revolutionary in nature. It would add value to an existing legitimate system as an improvement to a credible organization and methodology. Many of the recognized techniques used to channel major organizational transformation into practice are not necessary to implement this valuable change. But a focused effort will be required to prevent the change from failing due to subversive resistance or simple oversight.

The Marine Corps, though dedicated to its traditions, prides itself on the ability to adapt to changing conditions. In today’s society, people are placing more and more emphasis on being compensated for individual effort and achievement. Though Marines differentiate themselves from the civilian sector – for survival and success – the Corps must adapt elements of society that will not threaten but will enhance its own culture. To achieve an effective “first order change”⁹⁷ in the Marine Corps, a thorough analysis involving all stakeholders would be required to maximize buy-in from all parties involved. The change must be collective, suitable for the Marine Corps, implemented over time, and an evolution rather than an abrupt change.⁹⁸

Though not a second order change, the scope of this change could be far reaching. Not only could performance pay improve the individual contribution of career Marines, it could be a catalyst for improvements in the fitness report system, counseling system, and pay for all DoD members. These will be considered in the final parts of this chapter.

⁹⁷ Bartunek and Franzak, 580, 1988. (A first order change is not transformational in nature. A “second-order change” would be a major revision that in some way would reinvent the Marine Corps, whereas a first order change is simply adding value.)

⁹⁸ McShane and Von Glinow, 514, 2003.

C. COMPONENTS OF ORGANIZATIONAL CHANGE

Kurt Lewin, a social psychologist, developed “force field analysis” models to describe how the organizational change process works.⁹⁹ On the simplest level, a change is propelled toward the desired state by *driving forces* and repelled by *restraining forces*. In Lewin’s philosophy, to implement change effectively, the initiator of change must “unfreeze” the status quo, make the change, then “refreeze” the organization in its altered state. This technique is oriented on changes that are revolutionary in nature. The addition of pay-for-performance is really more of an evolutionary change, and would not require the same concerted effort an organization-wide second order change might necessitate. But it would be useful to apply lessons and techniques from Lewin’s analogy to ensure this proposed evolution is well-accepted and lasting in nature.

The remainder of Section C will act as a “primer” of sorts by presenting some of Dr. Lewin’s key elements of change from the third edition of McShane-Von Glinow’s textbook *Organizational Behavior*. *Restraining forces* are actions or conditions that stand in the way of progressing toward the desired change. *Driving forces*, on the other hand, are influences that support change. In order for the driving forces to prevail over the opposition, steps must be taken to *reduce the resistance*.¹⁰⁰

Employee resistance is the most frequent barrier to change.¹⁰¹ Due to justified and unjustified fears, many employees will take direct and indirect actions intended to thwart the movements of change. These fears can be so deep seeded that an employee might not even consciously be aware that he or she is trying to subvert change while they are actually engaged in deliberate efforts of resistance. In addition to the fear of the unknown, employees may also resist change because they are uncomfortable with changes to their routine or familiar circumstances. Finally, some members of an organization may resist change because they fear having a new light shed on their professional reputations; he or she may want to “save face.”

⁹⁹ McShane and Von Glinow, 504, 2003.

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

Another barrier to change is the perceived and the real costs that will be incurred by the individual and by the changing institution. These costs must be identified and incorporated into the overall change plan to reduce their affect on a transition. The financial cost of initiating and maintaining change, combined with the benefit of an intended change, must have an increased net present value to the organization over the status quo. To gain and retain the individual's support, increased personal costs to change must be offset by a greater benefit.

When an organization decides to make a change, the *driving forces* largely determine whether the change succeeds or not. Employees, particularly in leadership roles, must be focused on a clear, well-articulated vision of the desired end state. Furthermore, all involved stakeholders must be imbued with a sense of urgency, so that the change maintains momentum and does not suffer from protracted implementation. Finally, one particularly effective technique to keep everyone's "eye on the ball" is to implement a pilot program in a small representative group and then use its successes to motivate the remainder of the organization – this is also called a diffusion program.¹⁰²

How do the leaders, the driving forces, reduce the resistance? Cooperative measures should be initiated to help stakeholders understand the organization's objectives and to achieve buy-in. Communication is key for alleviating stakeholders' concerns. Since a large part of resistance is often due to ignorance, communication through training can be a very effective method to reduce anxiety, educate, and motivate individuals toward a vision for change. One of the discussed barriers to change is the reluctance to change routines. This can be characterized as a component of stress management. To reduce stress, stakeholders should be encouraged to discuss their concerns at work and at home – forums or outlets for this discussion should also be encouraged - these can take on many forms. Focus groups, Internet bulletin boards, question and answer cards, frequently asked question postings, classes, and the aforementioned training could all work together to reduce stress.

¹⁰² McShane and Von Glinow, 515, 2003.

If the cooperative techniques are not successful, an organization that is dedicated to invoking change can implement stronger methods to *reduce the resistance*. Two of these techniques are Negotiation and Coercion. Negotiation is a natural progression beyond efforts to educate and communicate that should be held in reserve for only stalwart and influential opponents. Coercion may have limited success, but most individuals do not perform to their potential when their heart is not committed to their cause.

D. RECOMMENDATIONS FROM THE GOVERNMENT ACCOUNTABILITY OFFICE

The United States Government Accountability Office hosted a symposium on managing “Performance-Oriented Pay Systems” in July of 2005. The GAO convened this symposium because they recognize that people are the government’s greatest resource, yet the government “has not transformed, in many cases, how it classifies, compensates, develops, and motivates its employees to achieve maximum results within available resources.”¹⁰³ One question the GAO poses is how can the government update its compensation to be more “market based and performance oriented?”¹⁰⁴

In their report on implementing performance-oriented pay systems, the GAO said it is both “doable and desirable.”¹⁰⁵ The participants outlined seven objectives they deem critical to achieving success in this potential organizational change. Not surprisingly, these objectives are very similar to Lewin’s ideas on implementing, enacting, and sustaining organizational change.

- Focus on a set of values and objectives to guide the pay system.
- Examine the value of employee’s total compensation to remain competitive in the market.
- Build safeguards to enhance the transparency and ensure the fairness of pay decisions.

¹⁰³ GAO Symposium on Performance Oriented Pay, 1, July 2005.

¹⁰⁴ Ibid, 12.

¹⁰⁵ Ibid, Highlights.

- Devolve decision making on pay to appropriate levels.
- Provide training on leadership, management, and interpersonal skills to facilitate effective communication.
- Build consensus to gain ownership and acceptance for pay reforms.
- Monitor and refine the implementation of the pay system.

The GAO's comprehensive report thoroughly develops each of these objectives into a healthy discussion of implementation in the government. They ably demonstrate the viability of this idea and describe how each objective could be enacted. The report also mentions that individual expectations must be aligned with organizational results, and that individuals and organizations must recognize that pay increases are no longer an entitlement, but based on an employee's contribution to the organization's mission and goals.

For purposes of discussion, the tenets from the GAO report for implementing performance pay in the government have been used to design one suggested approach to putting performance pay into practice in the Marine Corps. There are a number of frameworks for implementing change that could be considered before pursuing this goal. John Kotter and Peter Senge¹⁰⁶ are two contemporary "change" experts whose work should be consulted before embarking on a project of this magnitude. The GAO's tenets closely resemble Kotter's tenets for change;¹⁰⁷ since they have already been shaped to fit a governmental organization, they are a good fit for an exemplary discussion.

E. IMPLEMENTING PERFORMANCE PAY IN THE CORPS

The Marine Corps has some very effective methods of performance based recognition. Though some are cynical about personal awards, most recipients appreciate them and the associated recognition.¹⁰⁸ FITREP based promotions in rank, though designed to award greater responsibility to the best candidates, rewards performance, but

¹⁰⁶ Coutts, June 2000, [<http://www.telusplanet.net/public/pdcoutts/leadership/Kotter.htm>], last viewed November 2005.

¹⁰⁷ Ibid.

¹⁰⁸ NPS Marine Officer Survey.

there is often a significant lag time between exemplary performance and increased pay from a promotion. Plus, there is no range for relative compensation – a Marine either gets promoted or he does not. Most Marines regard increased responsibility/authority as a reward. This is generally very effective, and would be enhanced by rewarding the superior performers for their efforts. Oftentimes, Permanent Change of Station orders reflect a Marine's reputation and standing from his/her chain of command: this can be a reward as well, but it is far from systematic and not a priority. There are many ways the Corps rewards superior performance; but there is still notable performance that goes unrecognized, and many of the attempts to recognize or reward performance do not have the desired effects on the intended recipients.

Performance based pay rewards in the Corps will not effectively motivate all Marines; the survey shows that many say they would not be affected by it at all. Plus, there are many who simply *cannot* work any harder, and there are a few who just *will not* work any harder, regardless of the incentive. For many Marines (some of whom may not admit it), though, pay-for-performance will increase their utility and value to the Corps, particularly when the other incentives are not timely or available. For the many dedicated Marines who are already operating at 100 percent capacity, a performance based bonus could be an “atta-boy” for their outstanding efforts. The individual Marine may or may not appreciate her bonus in a cognitive sense, but subconsciously, he or she will feel that one's efforts are recognized (and it will be a nice reward to bring home extra pay in exchange for the additional effort so many Marines put forth). It is hard to assign a value or a utility to the quality of feeling appreciated, but if this quotient is increased, the likelihood of keeping the Corps' best Marines and best families will be improved. The GAO's tenets for change discussed in the latter section, are used to frame one suggestion implementing change for performance based pay in the Marine Corps.

“Focus on a set of values and objectives to guide the pay system.”

The Marine Corps' Core Values are “Honor, Courage, and Commitment.” If Marines are paid for their performance, that performance must be oriented on the execution of duties that reflect core values. In turn, the yardstick for Marines'

performance, the FITREP (discussed in Chapter II) needs to reflect the core values in its measurement of performance. Pay resulting from one's fitness report that is linked to a Marine's performance measured by standards that reflects the Corps' values creates a system of incentives that will compel Marines to focus their actions on the Corps' best interest. The alternative is individual performance focused on differing agendas with other values attached.

“Examine the value of employee's total compensation to remain competitive in the market.”

The Marine Corps, and the U.S. Military alike, has a pretty comprehensive compensation package. In the early 1990s, it was determined that there was a significant “pay-gap” between military members and their “civilian equivalents.”¹⁰⁹ The current presidential administration set out to correct that perceived gap through pay raises from 2001 until 2006 that were designed to outpace inflation. At the time of this writing, it is not known whether the “pay gap” (as it had been defined) has been rectified or not.

Other facets of pay, like S&I, have been already discussed in this paper. The military has comprehensive geographic adjustment criteria for high cost living areas called Cost Of Living Allocation (COLA), and Marines receive additional pay for additional years of service, which was also discussed in Chapter II. The Marine Corps has a pretty inclusive total compensation package with one significant deficiency: there is no pay that is tied to directly to a Marine's performance.

“Build Safeguards to enhance the transparency and ensure the fairness of pay decisions.”

The Marine Corps FITREP system has a number of safeguards in place due to its almost exclusive influence on promotions. The previously discussed FITREP marking normalization process will promote fairness and protect Marines from maltreatment. The

¹⁰⁹ 9th *QRMC*, 70, 2001. (How do you compare civilian and military salaries? A civilian truck mechanic and a Marine truck mechanic with comparative experience may make similar wages, but the civilian does not do his job under small arms fire – how do you pay someone for that component of their work?)

FITREPs marking, recording, and reporting is safeguarded through electronic transfer and duplicative checks and balances. Another way to protect Marines and to continue enhancing communication and understanding would be to make pay-for-performance distribution information available on the Internet. The Marine Corps is currently working to make FITREP distribution information available to the user, the effects of pay-for-performance information could be an added page to that site.

“Devolve decision making on pay to appropriate levels.”

The GAO report suggests “first line managers propose pay increases”; “up-line managers ensure the assessments and justifications are consistent across groups.”¹¹⁰ This continues to add merit to the plan to link pay to the Marine Corps fitness report. Although the normalization and distribution of performance based pay would occur at the Headquarters Marine Corps level, the grading criteria would be assigned as the GAO symposium suggested: by the first two supervisors in a Marine’s chain of command.

“Provide training on leadership, management, and interpersonal skills to facilitate effective communication.”

If performance pay is to succeed in the Corps, it needs to be well understood and communicated. Projected presentations given to audiences of thousands at a time will not accomplish this objective. For effective promulgation, trainers must train other trainers through hands on activity to spread true appreciation and understanding. Chapter III discusses how the seven-year-old FITREP is still called “the new FITREP.” Seven years is too long to wait for Marines to get their arms around a pay-for-performance concept if it is implemented. Focus groups and individual training will be critical to effectively communicating the pros and cons of this idea. It is imperative that Marines who are reporting on and counseling their juniors on FITREPs completely understand the new system and pass their understanding down to the Marines they mentor.

“Build consensus to gain ownership and acceptance for pay reforms.”

The GAO symposium agrees that hosting lectures to train employees and representatives is not enough by itself. Actions at these training events must be real and genuine in nature – they have to show good intent and accurately illustrate the benefits of adopting performance based pay.

Likewise, the Marine Corps must work to overcome the cultural allegiance to the old system. One option would be to take on an aggressive marketing campaign to win the Marines’ “hearts and minds.” The premise of the campaign is to saturate the limited (i.e., small) market through every official channel. The message should be that performance pay will not take away a Marine’s Base Pay; it could be considered a reward for those who consistently demonstrate superior performance. When Marines begin to experience the positive benefits of this pay system, they will spread the message through unofficial channels, at the grass-roots level.

Additionally, leaders will be evaluated on the degree and success of their efforts to make it work. The current FITREP includes grading criteria regarding the Marines’ efforts and abilities as a Reporting Senior – this will grade a Marine’s efforts at assigning marks that affect another’s pay to his own performance based compensation.

The following are some suggestions for promoting performance based pay:

- Utilize formal Marine message traffic.
- Conduct “Road Show” briefings by Marine Manpower to address audiences with a consistent brief.
- Publish video messages and personal visits from senior Marine Corps leaders.
- Host focus groups and question and answer sessions.
- Train a cadre of trainers to conduct small unit on-site training.
- Establish a Performance Pay support website that includes portions of the former suggestions as well as interactive worksheets and instruction on the process.

“Monitor and refine the implementation of the pay system.”

This is not a “fire and forget”¹¹¹ modification to the Corps’ compensation system. The GAO’s report from their symposium on performance pay states:

High performing organizations understand they need to continuously review and revise their performance management systems to achieve results and accelerate change... organizations should be open to refining their systems to address unintended consequences that may arise when implementing their pay systems.¹¹²

The office assigned by HQMC to implement pay for performance must continue monitoring the system by seeking out objective feedback and data on its effectiveness and acceptance. Further, the initial change is not the only inertia that must be overcome—careful consideration should be given to additional potential changes to maximize the effectiveness of a performance based pay. The Marine Corps must be willing to make subsequent changes or adjustments to the pay system as the developing system requires while breaking ground on this unprecedented idea. All parties involved need to understand that they must view this as a long-term project. Just as it has taken years to establish normalized scales for fitness report Reporting Seniors, it will take time to normalize this value-added component of pay. There will certainly be unintended consequences – these will be discussed in more detail in at the end of this section.

This project will not attempt to map out the budgeting requirements to add performance pay to the Marine Corps’ compensation system, but will offer a few suggestions for further work. Chapter III demonstrates that a greater utility will result if Marines are paid for performance – thus, the costs in relation to benefits will actually be less in the long run. There will undoubtedly be start-up expenses associated with implementation that must be fully considered. Studies, staffing, communication, training, and monitoring will all have a price. One cost saving measure already incorporated into

¹¹¹ Unlike some weapon systems that must be tracked from the time they are fired until they impact the target, a “fire and forget” weapon tracks the target independently after it is launched. As a colloquialism, a “fire and forget” program or Marine needs no additional guidance after receiving instructions.

¹¹² Human Capital, 21, June 2004.

the proposed system is the link to the PES: the performance measurement aspect is already funded and in place. To add this “bonus” to base pay, consider this method: instead of continuing a 3½% inflation-based raise to base pay every year, reduce the cost of living increase by a point and redirect those funds into the performance based bonus account. Depending on the quantity and average amount of performance based bonuses; it should take no more than a few years to shift the funding with no expenses added beyond administrative costs. The bottom line on costs is this: this project does not show how to manage the costs, but costs should not be prohibitive and there are appropriate ways to pay for a performance bonus that will result in an increased performance to dollar ratio for manpower in the Corps.

F. PERFORMANCE BASED PAY DOES NOT STAND ALONE

Performance based pay will only be one part of the Total Compensation Package – “people come to work for and stay with the federal government for a variety of reasons besides base pay.”¹¹³ Marines desire informal recognition, discipline, and service to their country/Corps. While most are focused on selfless service, they appreciate their awards when they get them.¹¹⁴ They seek promotion as recognition and for the promise of continued service it portends. It must be emphasized and understood that adding a pay benefit for performance does not supplant the Corps’ irreplaceable culture. If this balance cannot be imbued in Marines as part of the change, then either performance pay or the Corps will fail. The Marine Corps cannot lose its identity over what really represents a minor change.

Although no change should infringe on the Corps’ irreplaceable culture and traditions, there are some associated facets that will inevitably evolve with the development of performance pay. Since performance pay would be linked to the PES, and likewise to FITREPs, counseling and to leadership; all will be refined as their linkage becomes more succinctly evident. Figure 7 illustrates this relationship

¹¹³ Human Capital, 10, June 2004.

¹¹⁴ NPS Marine Officer Survey

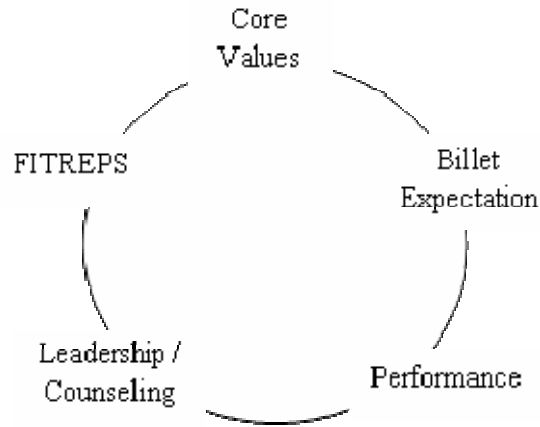


Figure 7. Marine Corps Relationships Illustration

Implementing pay for performance could be part of a greater continuing Corps' Improvement. With this change, a simultaneous FITREP evolution to reflect strategic values, an improved counseling system, and better focus and agreement on the expectations of Marines in general can also occur. Negative initial responses to performance pay likely stem from fear or a lack of confidence in the USMC FITREP, indicating two conditions: the FITREP is still considered new and many do not understand its “normalizing” characteristics. The lack of confidence in the FITREP may also show that revitalizing the understanding and use of the FITREP is one of the first steps to realizing a powerful improvement in the performance/ evaluation/ compensation arena.

G. UNINTENDED CONSEQUENCES

There are potential unintended effects that could result from implementing performance based pay in the Marine Corps. Many Marines may feel that the cultural roots of what makes the Corps special are threatened.¹¹⁵ The Corps should not give up or de-emphasize what it has: esprit de corps, common values, discipline, etc. But it must recognize that though many Marines have an uncommon amount of stated and true idealism, there are many who have only some, and a few (who make above average

¹¹⁵ NPS Marine Officer Survey.

contributions) who have very little. Some of these Marines need real fiduciary recognition to get their full attention and maximum output. The components of an organization are not a zero sum game. When done properly, this change can add value without sacrificing the Corps' values.

Some may believe that performance pay is needed in other organizations, but that the Marine Corps is above "paying off" its Marines. One officer at Head Quarters Marine Corps (HQMC) flatly rejected the concept as if it were blasphemy, despite stating that the other services are exploring the performance pay initiatives. It is arrogant to believe that the Corps does not have room for improvement or cannot incorporate obvious valuable lessons from society and the other services.

The Corps has great Marines. But how many great Marines are now civilians because they felt unappreciated or unrewarded? True, the Corps might rather have a Marine who serves purely for idealistic reasons, but is it honestly a reality to believe that every valuable Marine performs in this manner? At some point, pay becomes important to all Marines. Consider the example of the good performing Marines who would have stayed in with better recognition who chose to get out while social loafers stayed in. Would the Marine Corps rather have Marines stay for a full career who (selfishly?) wanted financial recognition or does the Corps prefer Marines who don't pull their weight but accept "equitable pay"? Although not the focus of this paper, retaining better Marines beyond their initial obligation could be one positive unintended effect of this suggested change.

Some might argue that paying for better performance will lessen the individual's altruistic contributions to the Corps. It is imperative the individual Marine be honest with him or herself when evaluating the legitimacy of performance pay. Marines are imbued with idealistic values, which may appear to be devalued by an acceptance of performance pay. But the truth of the matter is that this organization has already acknowledged that pay matters, even to idealistic Marines. This is reflected in the willing implementation and acceptance of the scores of special and individual incentive pays already available,

and the commensurate increases in pay via the promotion process. Performance pay does not cheapen a Marine's contribution; it simply recognizes and rewards it in a more direct manner.

Another argument against paying for performance might be that, over time, the nature of a typical career Marine could evolve from the perceived self-sacrificing, duty-oriented Marine of today to an individual focused on pay over all other objectives/standards. Although this may be far-fetched, it is one of the many reasons it will continue to be essential to preserve and promote the Corps' valued culture.

Another added benefit will be that performance pay helps keep Marines' attention and efforts focused on the Corps. Marines make individual economic choices every day – that's the economy of their time, thoughts, effort, dreams, and priorities as well as their money. Few Marines have no personal interests outside the Corps. Most have hobbies or interests that consume an amount of their personal time and resources. Among these, second jobs, investing activities and educational ventures frequently take time a Marine could be using to "invest" in the Marine Corps. The choice to undertake these additional activities is one that draws a line between the additional productivity that an individual could contribute to the Marine Corps and the alternatives the Marine chooses because the alternative has greater value to him or her. Performance Pay will make those alternatives seem less valuable and additional contributions to the Marine Corps more important to many Marines – benefiting the Corps.

Many people interviewed for this project stated that an obvious reason to avoid performance based pay would be the competitiveness it would generate in units and the negative effect that would have on unit cohesion. They argue FITREP based performance pay will create an element of competition that will degrade unit cohesion.¹¹⁶ If this were the case, then merit-based promotions have the same effect because pay and promotions are intrinsically linked in today's Marine Corps. The Corps accepts the risk that promotion pay inflicts on unit integrity. Adding a small (10%) element of performance based compensation to that equation would be no different.

¹¹⁶ NPS Marine Officer Survey.

Another common fear Marines voice is that tying pay to one's FITREP would be unfair because it does not accurately reflect an individual's performance or legitimate potential.¹¹⁷ If that is the case, then the Corps must be promoting the wrong people as well, a conclusion with far greater ramifications than the consideration of performance pay. If the PES does not work, the Corps' best leaders have been forced out or are stalled in the middle ranks. The authors do not support this conclusion; they believe that though some reports are inaccurate, FITREPs average out over time to show one's relative current and future value to the Corps. Though one's performance pay may be off periodically, it too would average out over time. If the FITREP program does not reflect performance, that problem must be rectified whether performance based pay is implemented or not.

Performance bonuses may increase Marine spouses' appreciation for their husband/wife's work as well as their allegiance to the Corps. While most Marines work hard out of allegiance to their unit and Corps, money is a universal measurement. If a Marine comes home and tells his spouse he got a "great FITREP," what does that really mean to a spouse? If he or she brings home his Leave and Earning Statement (LES) and says, "Remember that great FITREP I got? We're getting a 10% bonus for the next year!" that affects how they both feel about the Corps. Pay for performance could increase allegiance and loyalty.

The Corps must look at itself introspectively and recognize that it is stuck with some people who have low idealism and low productivity. It is nice to say "we need to get rid of those people,"¹¹⁸ but in reality, many are "tenured" until retirement and little can be done with today's incentives to affect their performance. An element of performance based pay may be the tool that energizes these individuals to perform at the level that got them on the "tenure track" to begin with. By keeping more superior performers, the Corps will have to deal with fewer "free-riders".

¹¹⁷ NPS Marine Officer Survey.

¹¹⁸ Ibid.

H. CHAPTER SUMMARY

The appropriate application of a performance based pay has tremendous potential to improve the Marine Corp's performance. One key to this application is a successful bid to achieve buy-in from all Marines. The GAO created a sound course of action that has direct applicability to the Marine Corps – this was exemplified to some degree in this section. Though not a revolutionary change/ second order change, successfully implementing performance based pay in the Corps will be an all hands effort. It must be communicated through all available mediums in a give and take manner, then moderated over time to ensure the continuum of change. There are a number of known and unknown detriments to this idea. Careful consideration, planning, and execution will alleviate most of the legitimate concerns, and overall, the value to the Corps will outweigh any losses.

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V. CONCLUSION

A. SUMMARY

The Marine Corps is respected around the world for its strength, professionalism, and ability to emerge victorious from myriad missions. Revered for its camaraderie and esprit de corps across the ranks, as well as Marines' commitment to embrace the core values of Honor, Courage, and Commitment, some of the Corps' greatest strengths are its adaptability and flexibility. However, one area in which the Marine Corps has not adapted to meet a changing environment is its compensation system.

The USMC's promotion process, the most universal method of rewarding strong performance, does not motivate Marines to perform at an "above average" level. Except for in the lowest ranks, early promotion is not a viable option. When promotions do occur, they are based more on the potential for future service than they are on rewarding the performance that may have occurred years before. Furthermore, a majority of officers and staff non-commissioned officers are selected to retirement eligible ranks on the basis of survival in the system; the promotion rates to the retirement eligible ranks of Staff Sergeant and Major reward longevity, not performance. One of the Marine Corps' leadership principles is to "Seek Self Improvement"; performance pay represents one avenue the Corps can take to do this. It can send the right signal to Marines by rewarding superior performance, thus increasing the likelihood of retaining the best Marines for future service. Summaries of the two research questions posed at the project's introduction follow.

1. How Can the Marine Corps Include an Element of Performance Based Pay in Its Pay System?

Research supports the notion that appropriately chosen and implemented incentives have a positive influence on individual and group performance. As covered in Chapter II, this concept is being increasingly used in the private sector. Among the many positive outcomes, proven results include increased productivity and a heightened sense of procedural justice within the organization. The crux of the issue for implementing

such systems within large organizations is that individuals crave compensation security, yet they want recognition and differentiation to reflect their individual efforts.

Furthermore, as an organization considers the costs and benefits of utilizing one or more of the many variants of pay-for-performance, it must look inwardly to its own means of evaluating personnel performance, a critical link in compensating workers for their performance. The Marine Corps employs a Personnel Evaluation System that is automated and centrally maintained by Manpower Management assets at Headquarters Marine Corps. This system touts a normalized ranking process that simplifies the process of differentiating Marines by computing the weights of their evaluator's marks relative to that evaluator's grading history.

Chapter III addressed multiple pay-for-performance schemes that surfaced as viable options for the Marine Corps. At its conclusion, a performance based bonus was identified as the option that best captures the attributes such a system should aim to achieve equitability, effectiveness, and efficiency. Under this system, fenced appropriation funds would be awarded to outstanding performers based on their ranking within their particular segment or cross-section, determined by MOS and rank. Marines of the rank of Sergeant (E-5) and above would be eligible; evaluations for Corporals (E-4) and below are not recorded on the FITREP. For the purposes of this discussion, each reward will be worth 10% of a recipient's annual basic pay, spread out over the course of the following year. An illustrative Excel based optimization model demonstrates a means to distribute the merit bonus effectively, efficiently, and equitably using inputs from a survey taken on Marine officers attending the Naval Postgraduate School. Among the many courses of action that may be implemented in the endeavor to reward deserving Marines with a performance based pay, the Marine Corps should consider breaking down the 10% blocks into a distribution scheme that awards 90% of eligible recipients between one and ten percent of basic pay.

2. How Might the Corps Effectively Implement and Sustain this Financial and Cultural Shift?

The GAO study on performance pay in the federal government outlined a comprehensive structure for implementing this type of system in a governmental organization. This structure is a good framework for the Marine Corps to use in its own preparation to add this reward to its compensation system. Particularly upon the introduction of the idea, many Marines will oppose performance based pay. For some, their ideological opposition will be legitimate. For others, their resistance may be disguised as higher principles when they are actually rooted with internal fears of insufficiency. The Corps is renowned for its ability to adapt to changing environments. Marines must show their “can-do” spirit and muster the courage to trade some of the current pay systems’ security for an appropriate and timely pay component based on merit.

Although this change is not a “transformation,” significant steps must be taken to show performance pay is for the good of the Corps. To convince Marines, the driving forces behind performance pay must break down the resistance through a series of efforts similar to those from the GAO’s proposed plan. Performance pay must be linked to the Marine Corps’ core values, and it must be awarded based on inputs from candidate’s immediate supervisors. To trust the system, Marines will need assurance that safeguards are in place to protect them from abuse; this trust can be built through overlapping efforts to achieve two-way communication and education on this issue. Finally, to achieve lasting success, the performance pay system needs to be actively monitored and improved with continuing improvements as it develops and becomes better understood.

Pay for performance will not stand alone. Adding this FITREP based component to USMC pay will have inevitable effects on leadership, counseling, the PES process, as well as performance across the organization. If this aspect of the change is accepted and managed smartly, performance pay will be a catalyst for improvement in all these areas.

There will be unintended consequences as well. Though some will be beneficial, the Marine Corps should concern itself with the possible negative effects this change could induce. Some may argue that emphasis on rewarding individual effort will initiate

a cultural shift from one of teamwork to one of self-promotion. Since 1775, Marines have proudly preserved their traditions and imbued new Marines with them for the good of the present and future Corps. In a society becoming more and more focused on self rather than self-sacrifice, it has never been more important to continue developing one of the Corps' greatest strengths: its heritage of discipline and esprit de corps. These values will not be supplanted by performance pay nor any other minor changes to the Corps' manpower management tools – the Corps' roots run far too deep.

B. LIMITATIONS

The analyses conducted in support of this project were limited in many ways. As appropriate, the weaknesses in the research were identified throughout the project.

The NPS survey conducted in support of this project was extremely useful in gauging the initial opinions of 150 Marines on the topic of performance pay in the Marine Corps. However, while this survey did span multiple MOSs and four ranks, the fact that it was taken exclusively on officers who are graduate students limits its perspective.

Significant discussion was dedicated to the USMC FITREP. After almost seven years of usage, this system is relatively new by Marine Corps standards and still not fully understood. Research is constantly being conducted on the effectiveness of the USMC PES, particularly the heavily addressed grade-normalization aspects it employs. For purposes of analysis, assumptions were made that the FITREP is a viable tool for measuring individual performance, and that it effectively aligns organizational and individual goals.

C. RECOMMENDATIONS AND TOPICS FOR FUTURE STUDY

Recommendations to USMC leadership have been included throughout this paper. The authors' suggestion is that the Marine Corps has an opportunity to improve the effectiveness, efficiency, and fairness of its compensation system by incorporating some

elements of performance pay. Explicit recommendations include the performance based bonus as discussed in Chapter III and the tools for implementation identified in Chapter IV.

Multiple topics of future study related to pay-for-performance for the Marine Corps have become evident throughout the course of this project. These include:

- Further analysis on the USMC FITREP for its effectiveness in linking individual Marine pay with performance
- Development of other viable pay-for-performance schemes
- Development of a legitimate means to measure utility across the various segments of the Corps
- Analysis on the long-term effects of pay-for-performance on recruitment and retention
- Creating more advanced decision models, to include Sensitivity and Uncertainty Analysis more meaningful for decision makers

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APPENDIX A: USMC FITREP EXAMPLE

USMC FITNESS REPORT

USMC FITNESS REPORT (1610) NAVMC 10635A (Rev. 1-99 (EF)) PREVIOUS EDITIONS WILL NOT BE USED SN: 0109-LP-049-0400						DO NOT STAPLE THIS FORM	
COMMANDANT'S GUIDANCE							
The completed fitness report is the most important information component in manpower management. It is the primary means of evaluating a Marine's performance and is the Commandant's primary tool for the selection of personnel for promotion, augmentation, resident schooling, command, and duty assignments. Therefore, the completion of this report is one of an officer's most critical responsibilities. Inherent in this duty is the commitment of each Reporting Senior and Reviewing Officer to ensure the integrity of the system by giving close attention to accurate marking and timely reporting. Every officer serves a role in the scrupulous maintenance of this evaluation system, ultimately important to both the individual and the Marine Corps. Inferiority markings only serve to dilute the actual value of each report. Reviewing Officers will not concur with inflated reports.							
A. ADMINISTRATIVE INFORMATION							
1. Marine Reported On: a. Last Name _____ b. First Name _____ c. MI _____ d. SSN _____ e. Grade _____ f. DOR _____ g. PMOS h. BILMOS _____							
2. Organization: a. MCC _____ b. RUC _____ c. Unit Description _____							
3. Occasion and Period Covered: a. OCC _____ b. From _____ To _____ c. Type _____							
4. Duty Assignment (descriptive title): _____							
5. Special: a. Adverse <input type="checkbox"/> b. Not Observed <input type="checkbox"/> c. Extended <input type="checkbox"/>							
6. Marine Subject Of: a. Commendatory Material <input type="checkbox"/> b. Derogatory Material <input type="checkbox"/> c. Disciplinary Action <input type="checkbox"/>							
7. Recommended For Promotion: a. Yes <input type="checkbox"/> b. No <input type="checkbox"/> c. N/A <input type="checkbox"/>							
8. Special Information: a. QUAL <input type="checkbox"/> d. HT(in.) <input type="checkbox"/> g. Reserve Component <input type="checkbox"/> b. PFT <input type="checkbox"/> e. WT <input type="checkbox"/> h. Future Use <input type="checkbox"/> c. Status <input type="checkbox"/> f. Body Fat <input type="checkbox"/> i. Future Use <input type="checkbox"/>							
9. Duty Preference: a. Code _____ b. Descriptive Title _____ 1st _____ 2nd _____ 3rd _____							
10. Reporting Senior: a. Last Name _____ b. Int _____ c. Service _____ d. SSN _____ e. Grade _____ f. Duty Assignment _____							
11. Reviewing Officer: a. Last Name _____ b. Int _____ c. Service _____ d. SSN _____ e. Grade _____ f. Duty Assignment _____							
B. BILLET DESCRIPTION							
C. BILLET ACCOMPLISHMENTS							

1. Marine Reported On:			2. Occasion and Period Covered:		
a. Last Name	b. First Name	c. MI	d. SSN	e. OCC	f. From To
D. MISSION ACCOMPLISHMENT					
<p>1. PERFORMANCE. Results achieved during the reporting period. How well those duties inherent to a Marine's billet, plus all additional duties, formally and informally assigned, were carried out. Reflects a Marine's aptitude, competence, and commitment to the unit's success above personal reward. Indicators are time and resource management, task prioritization, and tendency to achieve positive ends consistently.</p>					
ADV	Meets requirements of billet and additional duties. Aptitude, commitment, and competence meet expectations. Results maintain status quo.	Consistently produces quality results while measurably improving unit performance. Habitually makes effective use of time and resources; improves billet procedures and products. Positive impact extends beyond billet expectations.	Results far surpass expectations. Recognizes and exploits new resources; creates opportunities. Emulated; sought after as an expert with influence beyond unit. Impact significant; innovative approaches to problems produce significant gains in quality and	N/O	
A	B	C	D	E	F G H
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>2. PROFICIENCY. Demonstrates technical knowledge and practical skill in the execution of the Marine's overall duties. Combines training, education, and experience. Translates skills into actions which contribute to accomplishing tasks and missions. Imparts knowledge to others. Grade dependent.</p>					
ADV	Competent. Possesses the requisite range of skills and knowledge commensurate with grade and experience. Understands and articulates basic functions related to mission.	Demonstrates mastery of all required skills. Expertise, education and experience consistently enhance mission accomplishment. Innovative troubleshooter and problem solver. Effectively imparts skills to subordinates.	True expert in field. Knowledge and skills impact far beyond those of peers. Translates broad-based education and experience into forward thinking, innovative actions. Makes immeasurable impact on mission accomplishment. Peerless teacher; selflessly imparts expertise to subordinates, peers, and	N/O	
A	B	C	D	E	F G H
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
JUSTIFICATION:					
E. INDIVIDUAL CHARACTER					
<p>1. COURAGE. Moral or physical strength to overcome danger, fear, difficulty or anxiety. Personal acceptance of responsibility and accountability, placing conscience over competing interests regardless of consequences. Conscious, overriding decision to risk bodily harm or death to accomplish the mission or save others. The will to persevere despite uncertainty.</p>					
ADV	Demonstrates inner strength and acceptance of responsibility commensurate with scope of duties and experience. Willing to face moral or physical challenges in pursuit of mission accomplishment.	Guided by conscience in all actions. Proven ability to overcome danger, fear, difficulty or anxiety. Exhibits bravery in the face of adversity and uncertainty. Not deterred by morally difficult situations or hazardous responsibilities.	Uncommon bravery and capacity to overcome obstacles and inspire others in the face of moral dilemma or life-threatening danger. Demonstrated under the most adverse conditions. Selfless. Always places conscience over competing interests regardless of physical or personal consequences.	N/O	
A	B	C	D	E	F G H
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>2. EFFECTIVENESS UNDER STRESS. Thinking, functioning and leading effectively under conditions of physical and/or mental pressure. Maintaining composure appropriate for the situation, while displaying steady purpose of action, enabling one to inspire others while continuing to lead under adverse conditions. Physical and emotional strength, resilience and endurance are elements.</p>					
ADV	Exhibits discipline and stability under pressure. Judgment and effective problem-solving skills are evident.	Consistently demonstrates maturity, mental agility, and willpower during periods of adversity. Provides order to chaos through the application of intuition, problem-solving skills, and leadership. Composure reassures others.	Demonstrates seldom-matched presence of mind under the most demanding circumstances. Stabilizes any situation through the resolute and timely application of direction, focus and personal presence.	N/O	
A	B	C	D	E	F G H
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>3. INITIATIVE. Action in the absence of specific direction. Seeing what needs to be done and acting without prompting. The instinct to begin a task and follow through energetically on one's own accord. Being creative, proactive and decisive. Transforming opportunity into action.</p>					
ADV	Demonstrates willingness to take action in the absence of specific direction. Acts commensurate with grade, training and experience.	Self-motivated and action-oriented. Foresight and energy consistently transform opportunity into action. Develops and pursues creative, innovative solutions. Acts without prompting. Self-starter.	Highly motivated and proactive. Displays exceptional awareness of surroundings and environment. Uncanny ability to anticipate mission requirements and quickly formulate original, far-reaching solutions. Always takes decisive, effective action.	N/O	
A	B	C	D	E	F G H
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
JUSTIFICATION:					

1. Marine Reported On: a. Last Name b. First Name c. MI d. SSN 2. Occasion and Period Covered: a. OCC b. From To

F. LEADERSHIP

1. **LEADING SUBORDINATES.** The inseparable relationship between leader and led. The application of leadership principles to provide direction and motivate subordinates. Using authority, persuasion, and personality to influence subordinates to accomplish assigned tasks. Sustaining motivation and morale while maximizing subordinates' performance.

ADV	Engaged; provides instructions and directs execution. Seeks to accomplish mission in ways that sustain motivation and morale. Actions contribute to unit effectiveness.	Achieves a highly effective balance between direction and delegation. Effectively tasks subordinates and clearly delineates standards expected. Enhances performance through constructive supervision. Fosters motivation and enhances morale. Builds and sustains teams that successfully meet mission requirements. Encourages initiative and candor among subordinates.	Promotes creativity and energy among subordinates by striking the ideal balance of direction and delegation. Achieves highest levels of performance from subordinates by encouraging individual initiative. Engenders willing subordination, loyalty, and trust that allow subordinates to overcome their perceived limitations. Personal leadership fosters highest levels of motivation and morale, ensuring mission accomplishment even in the most difficult circumstances.	N/O
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. **DEVELOPING SUBORDINATES.** Commitment to train, educate, and challenge all Marines regardless of race, religion, ethnic background, or gender. Mentorship. Cultivating professional and personal development of subordinates. Developing team players and esprit de corps. Ability to combine teaching and coaching. Creating an atmosphere tolerant of mistakes in the course of learning.

ADV	Maintains an environment that allows personal and professional development. Ensures subordinates participate in all mandated development programs.	Develops and institutes innovative programs, to include PME, that emphasize personal and professional development of subordinates. Challenges subordinates to exceed their perceived potential thereby enhancing unit morale and effectiveness. Creates an environment where all Marines are confident to learn through trial and error. As a mentor, prepares subordinates for increased responsibilities and duties.	Widely recognized and emulated as a teacher, coach and leader. Any Marine would desire to serve with this Marine because they know they will grow personally and professionally. Subordinate and unit performance far surpassed expected results due to MRC's mentorship and team building talents. Attitude toward subordinate development is infectious, extending beyond the unit.	N/O
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. **SETTING THE EXAMPLE.** The most visible facet of leadership: how well a Marine serves as a role model for all others. Personal action demonstrates the highest standards of conduct, ethical behavior, fitness, and appearance. Bearing, demeanor, and self-discipline are elements.

ADV	Maintains Marine Corps standards for appearance, weight, and uniform wear. Sustains required level of physical fitness. Adheres to the tenets of the Marine Corps core values.	Personal conduct on and off duty reflects highest Marine Corps standards of integrity, bearing and appearance. Character is exceptional. Actively seeks self-improvement in wide-ranging areas. Dedication to duty and professional example encourage others.	Model Marine, frequently emulated. Exemplary conduct, behavior, and actions are tone-setting. An inspiration to subordinates, peers, and seniors. Remarkable dedication to improving self and others.	N/
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. **ENSURING WELL-BEING OF SUBORDINATES.** Genuine interest in the well-being of Marines. Efforts enhance subordinates' ability to concentrate/focus on unit mission accomplishment. Concern for family readiness is inherent. The importance placed on welfare of subordinates is based on the belief that Marines take care of their own.

ADV	Deals confidently with issues pertinent to subordinate welfare and recognizes suitable courses of action that support subordinates' well-being. Applies available resources, allowing subordinates to effectively concentrate on the mission.	Instills and/or reinforces a sense of responsibility among junior Marines for themselves and their subordinates. Actively fosters the development of and uses support system for subordinates which improve their ability to contribute to unit mission accomplishment. Efforts to enhance subordinate welfare improve the unit's ability to accomplish its mission.	Noticeably enhances subordinates' well-being, resulting in a measurable increase in unit effectiveness. Maximizes unit and base resources to provide subordinates with the best support available. Proactive approach serves to energize unit members to "take care of their own," thereby correcting potential problems before they can hinder subordinates' effectiveness. Widely recognized for techniques and policies that produce results and build morale. Builds strong family atmosphere. Puts motto "Mission first, Marines always," into action.	N/O
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. **COMMUNICATION SKILLS.** The efficient transmission and receipt of thoughts and ideas that enable and enhance leadership. Equal importance given to listening, speaking, writing, and critical reading skills. Interactive, allowing one to perceive problems and situations, provide concise guidance, and address complex ideas in a form easily understood by everyone. Allows subordinates to ask questions, raise issues and concerns and venture personal. Contributes to a leader's ability to motivate as well as counsel.

ADV	Skilled in receiving and conveying information. Communicates effectively in performance of duties.	Clearly articulates thoughts and ideas, verbally and in writing. Communication in all forms is accurate, intelligible, concise, and timely. Communicates with clarity and verve, ensuring understanding of intent or purpose. Encourages and considers the contributions of others.	Highly developed facility in verbal communication. Adept in composing written documents of the highest quality. Combines presence and verbal skills which engender confidence and achieve understanding irrespective of the setting, situation, or size of the group addressed. Displays an intuitive sense of when and how to listen.	N/O
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

JUSTIFICATION:

1. Marine Reported On:

a. Last Name

b. First Name

c. ME

d. SSN

2. Occasion and Period Covered:

a. OCC

b. From

To

G. INTELLECT AND WISDOM

1. PROFESSIONAL MILITARY EDUCATION (PME). Commitment to intellectual growth in ways beneficial to the Marine Corps. Increases the breadth and depth of enlightening and leadership aptitude. Resources include resident schools; professional qualifications and certification processes; nonresident and other extension courses; civilian educational institution coursework; a personal reading program that includes (but is not limited to) selections from the Commandant's Reading List; participation in discussion groups and military societies; and involvement in learning through new technologies.

ADV	Maintains currency in required military skills and related developments. Has completed or is enrolled in appropriate level of PME for grade and level of experience. Recognizes and understands new and creative approaches to service issues. Remains abreast of contemporary concepts and issues.	PME outlook extends beyond MOS and required education. Develops and follows a comprehensive personal program which includes broadened professional reading and/or academic course work; advanced new concepts and ideas.	Dedicated to life-long learning. As a result of active and continuous efforts, widely recognized as an intellectual leader in professionally related topics. Makes time for study and takes advantage of all resources and programs. Introduces new and creative approaches to service issues. Engages in a broad spectrum of forums and dialogues.	N/O
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A	B	C	D	E	F	G	H
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2. DECISION MAKING ABILITY. Viable and timely problem solution. Contributing elements are judgment and decisiveness. Decisions reflect the balance between an optimal solution and a satisfactory, workable solution that generates tempo. Decisions are made within the context of the commander's established intent and the goal of mission accomplishment. Anticipation, mental agility, intuition, and success are inherent.

ADV	Makes sound decisions leading to mission accomplishment. Actively collects and evaluates information and weighs alternatives to achieve timely results. Confidently approaches problems; accepts responsibility for outcomes.	Demonstrates mental agility; effectively prioritizes and solves multiple complex problems. Analytical abilities enhanced by experience, education, and intuition. Anticipates problems and implements viable, long-term solutions. Steadfast, willing to make difficult decisions.	Complex problems. Seldom matched analytical a	N/O
-----	---	--	---	-----

A	B	C	D	E	F	G	H
---	---	---	---	---	---	---	---

3. JUDGMENT. The discretionary aspect of decision making. Draws on core values, knowledge, and personal experience to make wise choices. Comprehends the consequences of contemplated courses of action.

ADV	Majority of judgments are measured, circumspect, relevant, and correct.	Decisions are consistent and uniformly correct, tempered by consideration of their consequences. Able to identify, assess and assess relevant factors in the decision making process. Opinion sought by others. Subordinates personal interests in favor of impartiality.	Decisions reflect exceptional insight and wisdom beyond this Marine's experience. Counsel sought by all; often an arbiter. Consistent, superior judgment inspires the confidence of seniors.	N/O
-----	---	---	--	-----

A	B	C	D	E	F	G	H
---	---	---	---	---	---	---	---

JUSTIFICATION:

H. FULFILLMENT OF EVALUATION RESPONSIBILITIES

1. EVALUATIONS. The extent to which this officer serving as a reporting official conducted, or required others to conduct, accurate, unbiased, and timely evaluations.

ADV	Occasionally submitted untimely or administratively incorrect evaluations. As RS, submitted one or more reports that contained inflated markings. As RO, concurred with one or more reports from subordinates that were returned by HQMC for inflated marking.	Prepared unbiased evaluations which were consistently submitted on time. Evaluations accurately described performance and character. Evaluations contained no inflated markings. No reports returned by RO or HQMC for inflated markings. No subordinates' reports returned by HQMC for inflated marking. Few, if any, reports were returned by RO or HQMC for administrative errors. Section Cs were void of superlatives. Justifications were specific, verifiable, substantive, and where possible, quantifiable and supported the markings.	No reports submitted late. No reports returned by either RO or HQMC for administrative correction or inflated markings. No subordinates' reports returned by HQMC for administrative correction or inflated markings. Returned procedurally or administratively incorrect reports to subordinates for correction. As RO nonconcurred with all inflated reports.	N/O
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A	B	C	D	E	F	G	H
---	---	---	---	---	---	---	---

JUSTIFICATION:

1. Marine Reported On a. Last Name		b. First Name		c. MI		d. SSN		2. Occasion and Period Covered a. OCC b. From				To	
I. DIRECTED AND ADDITIONAL COMMENTS													
J. CERTIFICATION													
1. I CERTIFY that to the best of my knowledge and belief all entries made hereon are true and without prejudice or partiality and that I have provided a signed copy of this report to the Marine Reported on.										<div style="border-bottom: 1px solid black; width: 150px; margin-bottom: 5px;"></div> (Signature of Reporting Senior)		<div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> (Date in YYYYMMDD format)	
2. I ACKNOWLEDGE the adverse nature of this report and										<div style="border-bottom: 1px solid black; width: 150px; margin-bottom: 5px;"></div> (Signature of Marine Reported On)		<div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> (Date in YYYYMMDD format)	
K. REVIEWING OFFICER COMMENTS													
1. OBSERVATION: <input type="checkbox"/> Sufficient <input type="checkbox"/> Insufficient				2. EVALUATION: <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur									
3. COMPARATIVE ASSESSMENT: Provide a comparative assessment of potential by placing an "X" in the appropriate box. In marking the comparison, consider all Marines of this grade whose professional abilities are known to you personally.			DESCRIPTION			COMPARATIVE ASSESSMENT							
			THE EMINENTLY QUALIFIED MARINE										
			ONE OF THE FEW EXCEPTIONALLY QUALIFIED MARINES										
			ONE OF THE MANY HIGHLY QUALIFIED PROFESSIONALS WHO FORM THE MAJORITY OF THIS GRADE										
			A QUALIFIED MARINE										
			UNSATISFACTORY										
4. REVIEWING OFFICER COMMENTS: Amplify your comparative assessment mark; evaluate potential for continued professional development to include: promotion, command, assignment, resident PME, and retention; and put Reporting Senior marks and comments in perspective.													
5. I CERTIFY that to the best of my knowledge and belief all entries made hereon are true and without prejudice or partiality.										<div style="border-bottom: 1px solid black; width: 150px; margin-bottom: 5px;"></div> (Signature of Reviewing Officer)		<div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> (Date in YYYYMMDD format)	
6. I ACKNOWLEDGE the adverse nature of this report and										<div style="border-bottom: 1px solid black; width: 150px; margin-bottom: 5px;"></div> (Signature of Marine Reported On)		<div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> (Date in YYYYMMDD format)	
L. ADDENDUM PAGE													
ADDENDUM PAGE ATTACHED: YES													

ADDENDUM PAGE

DO NOT STAPLE
 THIS FORM

A. PURPOSE

1. Marine Reported On			2. Occasion and Period Covered		
a. Last Name	b. First Name	c. MI	d. SSN	e. Grade	a. OCC b. From To
3. Purpose					
a. Continuation of Comments		b. Accelerated Promotion		c. Adverse Report	d. Admin Review
Justification	Section I RO	Justification	MRO Statement	3rd Officer Sighter	e. Supplemental Material
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
					f. HQMC Use
					<input type="checkbox"/>

B. TEXT

C. SUBMITTED BY

1. a. Last Name	b. First Name	c. MI	2. SSN	3. Service	4. Grade
Signature				<div style="display: flex; justify-content: space-around;"> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div></div> <div><div></div><div></div></div> </div>	
				(Date in YYYYMMDD format)	

D. GENERAL/SENIOR OFFICER ADVERSE REPORT SIGHTING

1. a. Last Name	b. First Name	c. MI	2. SSN	3. Service	4. Grade
5. Title				<div style="display: flex; justify-content: space-around;"> <div><div></div><div></div><div></div><div></div></div> <div><div></div><div></div></div> <div><div></div><div></div></div> </div>	
Signature				(Date in YYYYMMDD format)	

PAGE OF

APPENDIX B: USMC PES EXPLANATION

MASTER BRIEF SHEET (MBS) FITNESS REPORT LISTING

A	B	C	D	E													F				G									
Monitored Cmd Organization/Sch Reporting Senior	Duty Assignment Grade Duty BilMOS Reviewing Officer	OCC	Begin End Date	Mission Character					Leadership				Intellect		Eval Resp	Promotion				REPORT SUMMARY										
				Per	Pro	Cou	Eff	Ini	Lea	Dev	Set	Ens	Com	Pme		Dec	Jud	Y	N	NA	ACC	Com	Adv	#Rpts @Proc	Rel Val @Proc	#Rpts Cum	Rel Val Cum	RO Concurs		
HQBN 1STMARDIV	PLT CMDR/COMM WO N 2510	TR	19980801	D	C	B	C	D	B	C	B	B	C	B	C	D	H	X							4	100.00	8	100.00	X	
CAPT STEPHENS			19990630														FitRep Avg: 2.85				RS Avg: 2.22				RS High: 2.85					
	COL MILLER			RO: 0/1 1/2 5/3 8/4 2/5 1/6 0/7 0/8																										
HQBN 1STMARDIV	PLT CMDR/COMM WO N 2510	GC	19990701	D	C	B	C	D	C	D	C	C	C	D	D	B	H	X							6	88.89	6	88.89	X	
MAJ MANDAK			20000131														FitRep Avg: 3.46				RS Avg: 3.56				RS High: 4.46					
	COL BAIRD			RO: 0/1 0/2 0/3 2/4 7/5 3/6 0/7 0/8																										
MCAGCC 29 PALMS	PROJECT FFICER CWO2 N 2510	AN	20000201	C	C	C	C	C	C	C	C	D	C	B	C	C	D	X							1	N/A	11	97.13	X	
MAJ SMITH			20000430														FitRep Avg: 3.07				RS Avg: 2.68				RS High: 3.23					
	COL COUNTEM			RO: 1/1 1/2 2/3 18/4 9/5 4/6 2/7 0/8																										

MASTER BRIEF SHEET (MBS) EXPLANATION

1		2		3		4		5		6		7		8		9		10		11		12							
13		14		15		16		17		18		19		20		21		22		23		24		25		26		27	
28				29				29				29				30				31									
32																													

CORRECTING

MBS LISTING

BIR/BTR LISTING

AUTHORITY

REFERENCE

1. NAME (MCTFSPRIM)	NAME	UNIT DIARY	MCO P1080.40
2. SSN: Social Security Number (MCTFSPRIM)	SSN	UNIT DIARY	MCO P1080.40
3. GRADE (MCTFSPRIM)	GRADE	ENLISTED: UNIT DIARY OFFICER: CMC (MMPR)	MCO P1080.40
4. RANK DESCRIPTION:Automatic Default. (MCTFSPRIM)	N/A	UNIT DIARY	MCO P1080.40
5. DOR: Date of Rank; the date (MCTFSPRIM) from which present rank is effective. present rank is effective.	DOR	ENLISTED: UNIT DIARY OFFICER: CMC (MMPR)	MCO P1080.40
6. COMP: Component/class; (MCTFSPRIM) describes status such as Active, Reserve or other.	COMPONENT	ENLISTED: UNIT DIARY OFFICER: ACTIVE-CMC (MROA) RESERVE-CMC (RAM)	MCO P1080.40
7. LINEAL NO: Lineal control number (officers only) HQMC planning data.	N/A	CMC (MMPR)	
8. PMOS: Primary MOS. (MCTFSPRIM)	MOS	UNIT DIARY	MCO P1080.40
9. AMOS: Additional MOS. (MCTFSPRIM)	MOS	ENLISTED: UNIT DIARY OFFICER: ACTIVE-CMC (MROA) RESERVE-CMC (RAM)	MCO P1080.40
10. GT/GCT: General (MCTFSPRIM) Classification Test.	GT/GCT	CMC (MA)	MCO P1080.40
11. PERM GR: Permanent grade. (MCTFSPRIM)	N/A	CMC (MMPR)	MCO P1080.40
12. PERM DOR: Permanent Date of (MCTFSPRIM) Rank.	N/A	CMC (MMPR)	MCO P1080.40

13. DOB: Date of birth	DATE OF BIRTH	UNIT DIARY	MCO P1080.40 (MCTFSPRIM)
14. DEAF: Date of original entry into the Armed Forces.	DEAF	UNIT DIARY	MCO P1080.40 (MCTFSPRIM)
15. PEBD: Pay entry base date.	PAY ENTRY BASE DTE	ENLISTED: UNIT DIARY OFFICERS: CMC (MMSB-10)	MCO P1080.40 (MCTFSPRIM)
16. AFAEDB: Armed Forces Active Duty Base Date; the date from which active duty time is computed and is adjustable for lost time or break in service.	AFAEDB	UNIT DIARY	MCO P1080.40 (MCTFSPRIM)
17. AC NAV BD: Active naval service base date; for temporary/permanent LDO's only; a date computed from active naval service performed as an officer, warrant officer, or enlisted person in the Marine Corps or Navy.	N/A	CMC (MMPR) NONE	
18. ACC 1ST COMM: Date accepted first Marine Corps commission (initial appointment only).	N/A	UNIT DIARY	MCO P1080.40 (MCTFSPRIM)
19. DOR 1ST COMM: The Date of rank of the first commission in the Corps.	N/A	ACTIVE-CMC RESERVE-UNIT DIARY	MCO P1080.40 (MCTFSPRIM)
20. DOR 1ST LDO: Date of rank of first commission as an LDO.	N/A	CMC (MMPR)	NAVMC 763
21. DSG PILOT: The date on which the Marine was designated a military pilot, naval aviator, or NFO.	N/A	RESERVE-CMC (RAM)	MCO P1080.40 (MCTFSPRIM)
22. DCAEDB: The Date Current Active Duty Began. Immediate reenlistment does not change this date.	N/A	UNIT DIARY	MCO P1080.40 (MCTFSPRIM)
23. SD: Service date (Male Regular, Unrestricted officers only); the year in which the Marine began commissioned service.	N/A	CMC (MMPR Lineal Precedence)	NAVMC 763
24. EAS: Expiration of active service.	EAS	ENLISTED: UNIT DIARY OFFICER (Reserve): On Active Duty: CMC(MMOA) SMCR/IRR: CMC(RAM)	MCO P1080.40 (MCTFSPRIM)
25. DCTB: Date current (MCTFSPRIM) tour began.	DCTB	UNIT DIARY	MCO P1080.40
26. OSCD: Overseas control MCO P1080.40 (MCTFSPRIM) date.	DAUS DEPN RESTR		UNIT DIARY

27. CONTRACT/LEGAL AGREEMENT: P1080.20 (officers only) Describes MCTFSCODESMAN the legal agreement under which serving; i.e., LDO, SWAG, BAS, SPL WRK, etc.	N/A	ACTIVE: CMC (MMAA) RESERVE: CMC (RAM)	MCO
28. DECORATIONS: Personal P1080.40 (MCTFSPRIM) decorations awarded in order SECNAVINST 1650.1 of precedence and the number of like awards (field represents latest 12 personal awards awarded).	AWARDS	UNIT DIARY	MCO
29. MILITARY EDUCATION: P1080.40 (MCTFSPRIM) Service Schools (including certain MCI courses) listed by course title and year in which completed. A maximum of eighteen schools may be listed.	SCHOOLS/ SPECIAL SKILLS	UNIT DIARY	MCO
30. CIVILIAN EDUCATION P1080.40 (MCTFSPRIM)	CIV ED LEVEL	UNIT DIARY	MCO
31. LANGUAGES: Name of lan- guage in which the Marine is proficient. Up to two languages may be listed.	FORGN-LANG CODES 1/2/3/4	CMC (MA)	NONE
32. SPL INFO: Special information. MCC and RUC of Marine Reported on, date extracted.	N/A	N/A	N/A

A. MONITORED COMMAND, ORGANIZATION/SCHOOL, REPORTING SENIOR

1. MONITORED COMMAND. This information reflects the MRO's assigned command per section A, item 2a (MCC) of the fitness report.

2. ORGANIZATIONAL/SCHOOL. This information reflects the specific command or unit to which the MRO was assigned for duty per section A, item 2b, (RUC), of the fitness report.

3. REPORTING SENIOR. This information reflects the name of the MRO's RS per section A, item 10 (reporting senior), of the fitness report.

B. DUTY ASSIGNMENT, GRADE/TYPE DUTY/BILMOS, REVIEWING OFFICER

1. DUTY ASSIGNMENT. This information reflects the primary duty to which the MRO was assigned per section A, item 4 (Duty Assignment (descriptive title)), of the fitness report.

2. GRADE. This information reflects the MRO's grade per section A, item 1e (Grade), of the fitness report.

➤ 3. TYPE DUTY. This information reflects the type of the MRO's duty per section A, item 3c (Type), of the fitness report. The letter indicating the type duty are "A" (Academic & Training duty), "N" (Normal peace time reporting), "C" (Combat), "J" (Joint duty), and "B" (both Combat and Joint).

4. BILMOS. This information reflects the billet MOS of the duty to which the MRO was assigned per section A, item 1h (BILMOS) of the fitness report.

→ 5. REVIEWING OFFICER. This information reflects the name of the MRO's RO per section A, item 1l (Reviewing Officer), of the fitness report.

C. OCC. This information reflects the occasion for submitting the report per section A, item 3a (OCC) of the fitness report.

D. BEGIN DATE/END DATE.

1. BEGIN DATE. This information reflects the beginning date of the reporting period per section A, item 3b (From) of the fitness report.

2. END DATE. This information reflects the ending date of the reporting period per section A, item 3b (To) of the fitness report.

E. MISSION/CHARACTER/LEADERSHIP/INTELLECT/EVAL RESP/RO COMPARATIVE ASSESSMENT.

1. MISSION/CHARACTER/LEADERSHIP/INTELLECT/EVAL RESP. This information reflects the markings from the Performance Anchored Rating Scales per sections D (MISSION ACCOMPLISHMENT), E (INDIVIDUAL CHARACTER), F (LEADERSHIP), G (INTELLECT AND WISDOM), and H (FULFILLMENT OF EVALUATION RESPONSIBILITIES) of the fitness report. Abbreviations for the individual attributes as reflected on the MBS are:

PER-Performance Proficiency	LEA-Leading Subordinates	PME-Professional	PRO-
COU-Courage	DEV-Develop Subordinates		Military Education
EFF-Effectiveness	SET-Setting the Example	DEC-Decision Making	
Under Stress	ENS-Ensuring Well-Being	Ability	
INI-Initiative	of Subordinates	JUD-Judgment	
	COM-Communication Skills	EVAL RBSR-Evaluation*	

*Applies to MRO's with reporting official responsibilities

→ 2. RO COMPARATIVE ASSESSMENT. This information will show the cumulative comparative assessment (pyramid) marks of all fitness reports of the Reviewing Officer (RO) rankings for all fitness reports of Marines of the same grade evaluated by the RO, with the assessment of each fitness report highlighted with a frame.

F. PROMOTION. This information reflects the RS's promotion recommendation for the MRO per section A, item 7 (Recommended For Promotion) of the fitness report. An "X" appearing under "Y" indicates recommended for promotion. An "X" appearing under "N" indicates not recommended for promotion. An "X" appearing under "NA" indicates not applicable. An "X" appearing under "ACC" indicates a recommendation for accelerated promotion.

G. REPORT SUMMARY

1. COM. This information reflects whether the MRO was subject to commendatory material during the reporting period per section A, item 6a (Marine Subject To: Commendatory Material) of the fitness report. An "X" appearing under this column indicates the MRO received commendatory material.

2. ADV. This information reflects whether the contents of the report constitute a derogatory evaluation of the MRO per section A, item 5a (Special Case: Adverse) of the fitness report. An "X" appearing under this column indicates the report is adverse.

3. # RPTS @ PROC. This column reflects the number of fitness reports written by the RS on Marines of the same grade as the MRO as of the time of processing of the MRO's report (see Appendix G).

4. REL VAL @ PROC. This column reflects the relative value of the MRO's fitness report based on the RS's rating history for Marines of the same grade as the MRO as of the time of processing of the MRO's report (see Appendix G).

5. # RPTS CUM. This column reflects the number of fitness reports written by the RS on Marines of the same grade as the MRO as of the time the MRO's MBS is printed. NOTE: This number is a variable and will change as the RS writes additional reports on Marines of the same grade as the MRO (see Appendix G).

6. RO CONCURS. This information reflects whether the RO concurs or does not concur with the RS's evaluation of the MRO per section K, item 2 (Evaluation) of the fitness report. An "X" appearing under the "Y" column indicates the RO concurs with the report. An "X" appearing under the "N" column indicates the RO does not concur with the report.

→ 7. FITREP AVG. This information reflects the report's average of the observed attributes.

→ 8. RS AVG. This information reflects the cumulative average of all reports written by the RS on a Marine of that grade.

→ 9. RS HIGH. This information reflects the highest fitness report average of any report written by the RS on a Marine of that grade.

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APPENDIX C: NPS SURVEY RESULTS

2. What is your rank?			
		Response Percent	Response Total
	O-1	0%	0
	O-2	2.7%	4
	O-3	69.3%	104
	O-4	25.3%	38
	O-5	2.7%	4
	O-6	0%	0
Total Respondents			150
(skipped this question)			0

3. How many years have you served in the U.S. Marine Corps?			
		Response Percent	Response Total
	0-2	0%	0
	3-4	3.3%	5
	5-6	13.3%	20
	7-8	8%	12
	9-10	12%	18
	11-12	14.7%	22
	13-14	19.3%	29
	15-16	20%	30
	17-18	3.3%	5
	19-20	2.7%	4
	20+	3.3%	5
Total Respondents			150
(skipped this question)			0

4. How would you best classify your Primary MOS?			
		Response Percent	Response Total
	Ground Combat Arms (Infantry, Artillery, etc.)	10.7%	16
	Ground Support (Intelligence, Supply, Logistics, Finance, etc.)	54%	81
	Aviation (Aircrew)	24%	36
	Aviation Support (Aircraft Maintenance, Aviation Supply, etc.)	11.3%	17
Total Respondents			150
(skipped this question)			0

5. What is your gender?			
		Response Percent	Response Total
	Male	95.3%	143
	Female	4.7%	7
Total Respondents			150
(skipped this question)			0

6. Please select your level of agreement with each of the following statements (pick one only; 1=lowest, 5=highest)








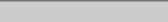
	(1) Strongly Disagree	(2) Disagree	(3) Neutral	(4) Agree	(5) Strongly Agree	Respondent Total
I am adequately compensated by the U.S. Marine Corps.	1% (1)	14% (21)	11% (16)	59% (86)	16% (23)	147
I feel that I am financially compensated to put forth the extra effort.	10% (15)	24% (35)	27% (40)	32% (47)	7% (10)	147
The U.S. Marine Corps pays its Marines only enough to keep them in the Marine Corps.	5% (7)	28% (41)	25% (36)	36% (53)	6% (9)	146
The U.S. Marine Corps pays its Marines fairly from MOS to MOS.	10% (15)	38% (55)	21% (31)	28% (40)	3% (5)	145
Pay provided by the U.S. Marines is enough to adequately motivate strong performance.	7% (10)	34% (49)	26% (37)	32% (46)	2% (3)	145
The U.S. Marine Corps pay system favors performance over longevity.	25% (36)	52% (76)	14% (20)	10% (14)	0% (0)	146
The Marine Corps should consider changing their pay system to reward outstanding performers.	9% (13)	31% (45)	26% (38)	27% (39)	8% (11)	146
Associating a part of individuals' pay with performance would adversely affect morale and unit integrity.	2% (3)	23% (33)	24% (35)	39% (56)	12% (18)	145
The USMC Fitness Report System fairly assesses my performance.	6% (8)	26% (38)	21% (30)	44% (64)	3% (5)	145
The Marine Corps would benefit by incorporating a small element of performance-based pay into the Total Compensation Package.	6% (8)	26% (38)	23% (33)	38% (54)	8% (11)	144
I would the put forth the same effort with or without the prospect of earning a 10% bonus.	2% (3)	17% (25)	9% (13)	46% (67)	26% (37)	145
Individual Awards adequately reward superior performance.	12% (17)	32% (47)	23% (34)	30% (43)	3% (4)	145
I should be paid more than another Marine of the same rank and Primary MOS if I am a better performer.	9% (13)	36% (52)	25% (36)	25% (37)	5% (8)	146
Above average Marines will not work any harder to earn additional compensation.	4% (6)	34% (49)	18% (27)	34% (49)	10% (15)	146
I feel that promotions are an adequate reward for performance.	6% (9)	25% (36)	22% (32)	38% (56)	9% (13)	146
I would be more likely to stay in the Marine Corps if part of my pay was linked to my performance.	10% (15)	41% (60)	27% (39)	14% (21)	8% (11)	145
The Marine Corps adequately rewards outstanding performers with the current compensation plan.	10% (14)	39% (56)	33% (48)	15% (22)	3% (5)	145
Total Respondents						147
(skipped this question)						3

7. How much extra effort would you exert in order to earn a bonus equal to 10% of your basic pay?

		Response Percent	Response Total
None		48.6%	71
1-2% Harder		3.4%	5
3-4% Harder		3.4%	5
5-6% Harder		5.5%	8
7-8% Harder		2.1%	3
9-10% Harder		21.9%	32
View Other (please specify)		15.1%	22
Total Respondents			146
(skipped this question)			4

1.	I work hard already -- don't think I can put in more time --
2.	We are not the Air Force
3.	wouldn't have to exert extra effort
4.	As much as it would take to do my best at the job.
5.	It would be an added incentive, but I have always tried to put everthing I have into what I do.
6.	As hard as possible, without sacrificing family constraints, that already exist as a member of the military. Too difficult to put a percentage on how much extra effort I would exert just to gain.
7.	Would work just as hard regardless of bonus as long as job was meaningful and worthwhile
8.	above 10%
9.	There is no amt of money that can justify whether or not to work as hard as possible in the business fo winning battles and protecting each other
10.	100% effort is 100%...additional pay does not motivate those accustomed to doing their very best, always.
11.	I don't think you can judge a % of effort for a % of pay. An incentive of a bonus wouldn't make me work any harder becuae I think it's our obligation to work hard regardless of the "compensation."
12.	I can't answer this. It depends on how effort is measured. By time? By some performance metric?
13.	If I based my career on pay, I would not be in the MC. I already work hard at my job because I like it and can live an adiquatly on the pay I receive. ask a new enlisted Marine
14.	50
15.	Maybe I have been in too long, but I don't see my effort in terms of monetary compensation... its a duty.
16.	How can a measurement of extra effort be measured? This is a difficult metric. From my standpoint, I would be willing to work (this is a very rough estimate) @ 20 % harder to earn a 10% pay bonus.
17.	Not sure how I could exert more effort. Based on ranking or what?
18.	I feel like I am sufficiently compensated and the extra "work" would decrease time with family. Therefore, the time required to exert more effort is not worth 10% more pay.
19.	Unknown - impossible to estimate
20.	What kind of Marine you are should not be motivated by pay. Ideallistic, I know.
21.	Difficult to categorize as myself and most other Marines try hard at everything we do.
22.	always give my all

8. For performance superior to my peers, I would prefer:

		Response Percent	Response Total
(A) Nothing		7.5%	11
(B) A Navy Achievement Medal (or equivalent)		2.1%	3
(C) A Cash Bonus		9.6%	14
(D) Higher Fitness Report Markings		33.6%	49
(E) B & C		3.4%	5
(F) C & D		13%	19
(G) B, C, & D		11.6%	17
View Other (please specify)		19.2%	28
Total Respondents			146
(skipped this question)			4

1.	B and D
2.	earlier selection rating
3.	B & D
4.	What about unit performance
5.	Promotion
6.	b & d
7.	B & D
8.	Their respect and recognition
9.	Preference to duty station.
10.	B & D
11.	B & D
12.	B & D
13.	B & D
14.	promotion
15.	B & D
16.	b&d
17.	That "weak" performers would be actually held accountable and be forced out of the Marine Corps
18.	promotion before those peers
19.	faster promotions
20.	"C" only. My hope is that the Fitness will report will speak for itself. Awards have been cheapened significantly. The possibility of a cash bonus is attractive.
21.	more free time (ie 96)
22.	B&D
23.	B&D
24.	Too subjective. The same good ole' boys that get the awards and high fitness reports would now get a cash bonus also.
25.	oppourtuity at advancedpromotion
26.	B & D
27.	I do it for myself not for gain
28.	B and D

9. A small annual bonus awarded to above average performers based upon normalized Fitness Report rankings would increase the overall effectiveness of the U.S. Marine Corps. Do you agree with this statement?

		Response Percent	Response Total
Strongly Disagree	<div></div>	17.8%	26
Disagree	<div></div>	35.6%	52
Neither Agree nor Disagree	<div></div>	24.7%	36
Agree	<div></div>	20.5%	30
Strongly Agree	<div></div>	1.4%	2
Total Respondents			146
(skipped this question)			4

10. Please enter any additional comments comments on the content of this survey.

View	Total Respondents	76
	(skipped this question)	74

1.	I don't think incentive pay will help. Just continue doing what we do, ranking the better Marines higher so they get promoted more -- that will increase their pay in the long run!
2.	I would be very wary of linking direct monetary compensation to an immediate supervisor's evaluation. I've seen enough favoritism and office politics to understand the damage done with the system we have in place right now. I think adding pay issues to it would risk poisoning the workplace, and would inevitably disrupt the team.
3.	As a leader, in the enlisted ranks, it seems more fair that the performers get promoted, but in the officer corps, I feel that outstanding performance has nothing to do with promotion at least until the O-5 level. It is all time based lineal number.
4.	If a reporting senior knew that the fitness report he wrote would be a determining factor in any bonus calculation, it is probable that grade inflation would result.
5.	USMC should be careful about what motivates our Marines. Right now, I believe we are doing well for motivation-- not even linked to the tangible benefits of an award or even pay. Most join the Marine Corps for the intangibles-- challenge and service-- both of which, I believe provide the motivation for performance and retention. Where those fall short, the USMC compensates in terms of bonuses (for retention purposes) and our basic pay.
6.	I would get out if the Marine Corps turned into a individual effort organization this is not why I joined. What happen to God, Country, Corps and doing you best everyday because it is the right thing to do.
7.	Military professionalism should not be equated with monetary compensation. Stick with pay changes with promotions -- but promote faster based on performance.
8.	I think a performance based bonus would lead to more dishonest fitness reporting.
9.	I think this pay system is more applicable to enlisted Marines rather than officers. I feel that Officer pay is sufficient, especially when compared to that of enlisted Marines. All Marines, regardless of rank should be instilled with a sense of duty and appreciation for that duty by their seniors. Pay should not be the incentive for better performance. However, the enlisted pay system is lacking, therefore the incentive based pay could be beneficial to supplementing their income.
10.	There are so many problems and inconsistencies with commander variance in fitness reports, awards, and other recognition that incorporating a financial incentive element could be poison to a unit. Marines tend to do what is asked of them, regardless of their pay - superior performers do more than that. Reenlistment bonuses are good financial incentives, and the command generally has a good idea of who they would like to stick around. For many, no amount of financial compensation will lead them to remain in the military. Awards, recognition, and superior fitness report marks should be the means to distinguish superior performance, not money. The current system is inconsistent enough.
11.	Speaking for myself, pay was not a primary motivator to join the Marine Corps, it has unfortunately become the motivator to stay. There is a difference. The intangibles that come with being part of great institution are recompense enough for most but I would love to meet the Marine who would turn a bonus down if given the opportunity. At the end of the day, most Marines have bills to pay and families to support so I do think that pay for performance should be considered at the very least.
12.	Direct financial compensation linked to the FITREP process is a serious mistake on the small unit level. Our system of awards, regular a& meritorious promotion is the vehicle to provide proper recognition and fiscal advancement to our Marines.
13.	This is an interesting question. Performance evaluations are enormously subjective and if there were bonuses tied to performance they would need to be tied to concrete information like PFT or Marksmanship scores. I guess I am not sold on it because I have doubts about whether it can be fairly implemented.
14.	1. It's tough to answer questions about my compensation when I'm being paid to get a free Master's degree. If I answered this question at my last duty station, I would have probably felt that I wasn't compensated enough. 2. I think that if the Marine Corps created some kind of performance based bonus system that it would be plagued with problems like inflated performance evaluations and loss of motivation by those Marines that didn't receive the bonus.
15.	Marines are Marines precisely because they are not motivated by the almighty dollar. The very notion that you pay people more who perform "better" is absurd, and is a slippery slope to people performing well below expectations because they do not get this bonus. If a Marine is excelling at his job, then there are methods to reward such behavior that mean a whole lot more than a bigger paycheck. When I see a Cpl with a NAM on his chest, I know that this is a long ball hitter who goes above and beyond. I think the respect that goes along with that little green and orange ribbon goes miles farther than a few more dollars in pay.

<u>16.</u>	We don't need a Corps of Mercenaries, but at the same time, it is demotivating to see sub-standard Marines making the same amount of money as the above-average Marines. I think another thing to look at is the "automatic" retirement once you reach a certain rank. A lot of Marines "drop their packs" once they reach that rank because they believe their retirement is in the bag. There is no incentive to continue to perform for fear of being let go after 17-18 years without benefits. Just something to think about.
<u>17.</u>	I believe a Marine who is an electronic technician, should be given an additional bonus due to the complexity of his/her job...just like the pilots/docs/etc. He/She should be rewarded, based upon their abilities versus a Marine who is in a less technical job. Same thing for Communications, Intelligence, or other short officer MOS's.
<u>18.</u>	Despite moderately successful efforts to normalize fitness reports by grading the graders, fitness reports are still highly subjective and I can't envision a truly equitable way to adjust pay based on fitness reports.
<u>19.</u>	Marines are motivated by awards, however, Marines become disgruntled when the awards are not assigned fairly. In order to motivate Marines the awards systems needs to be more standardized and fair.
<u>20.</u>	The standards must be clearly defined so that negative perceptions are avoided from potential unfair evaluations.
<u>21.</u>	Number 9 would not work because it is not a standard way to measure performance. Many RS RO's inflate their marks, making this an arbitrary and capricious measure of actual performance.
<u>22.</u>	I did not join the Marines for the pay chart. I joined the Marines to be a Marine. Extra pay, bonuses and other compensations are nice to have, but it is not going to make my decision on whether I am going to stay in the Marine Corps or not. I think the money could be better used in buying equipment or training.
<u>23.</u>	Most Marines are not in the game for money or medals. When on deployment, you work as hard as you can to support the Marines fighting, that will not change for a cash bonus or piece of cloth.
<u>24.</u>	Marines work hard because they are Marines.
<u>25.</u>	Enduring above average performance can only be cultivated by the intangibles. Monetary incentives will only increase the incidence of sycophants and back-stabbers trying to position themselves for the money. It will increase the incentive for people to appear to be working harder without the incentive to actually benefit the Marine Corps and their Marines. Above average Marines perform because they are dedicated Marine professionals who believe in what they are doing. In its current state, the fitrep does not adequately capture performance because many officers do not take the time to track their averages and ensure that they are fairly breaking their Marines out. Furthermore, the promotion system seems to reward risk-averse individuals: if you just glide through with low effort but don't make any mistakes, you'll get promoted. Above average performance is not likely to get you promoted much faster, but a motivated Marine who takes a risk (whether in a operational or career decision) is likely to damage his promotion chances. This incentive structure needs to be changed. Above average performance should be more important than longevity and "zero defects" in promotion. The Air Force officers at NPS seem to know a lot about promotion and pay. It is all they talk about. One thing I found interesting was that they often mention people being rapidly promoted for stellar performance. I don't know of such stories in the Corps. Instead of pay incentives, I would ask: "Is stellar performance in the Corps rewarded by accelerated promotion? Should it be?"
<u>26.</u>	I think cash will motivate those who are accustomed to watching the clock and punching out early. Top performers do it out of pride. Rewards are excellent incentives for people...but expecting more from those already giving 110% may prove less than motivating to those who are already giving it their all.
<u>27.</u>	I don't necessarily think there would be an unbiased, fair way to determine how much performance one Marine has over another. And the reason I suggest that is because the fitrep process is not always a clear indication of which Marines are better at their job than others because it's all the perception of the individual writing the report and not that of the overall command. Everyone prioritizes performance traits and characteristics differently and I think this would be subject to inflation in the same way the current fitreps have become inflated in a lot of ways.
<u>28.</u>	The fitrep system is already subject to graft. This is dangerous without better guidelines given to ROs, and monitoring of their reporting, as there is money involved. An RO may be less likely to report accurately if he knows it means a Sergeant's family won't have that special Christmas.
<u>29.</u>	Question 7 was a stumper because there is no way to quantify "extra effort" in most jobs especially when deployed. I'd say a majority of Marines put forth their best "effort" all the time.
<u>30.</u>	Fitness report markings are too subjective to use as a benchmark for bonus pay. Pegging bonus pay to fitness report markings will simply hasten the inflation of markings.
<u>31.</u>	I don't think that performance based pay could be applied fairly simply based on normalized FITREPS. The demands of the billet is also a factor in determining required effort of Marines. MOS specific skill sets are also compensation considerations.
<u>32.</u>	An incentive program which compensated Marines for performance would probably make it even harder to encourage Marines to take the "hard" jobs - like recruiting. Marines in these jobs place themselves at financial risk whereas Marines who request and receive "easy" jobs would be rewarded with cash bonuses.
<u>33.</u>	The drawback is ensuring a bonus system is fairly implemented. Inspections/evaluations must be fair and avoid seniors playing politics with subordinates. This already happens with awards; if it begins to affect Marines' finances, it would be worse than not having a bonus system in place.

<u>34.</u>	This is arbitrary. Most things recommended to fix rely upon an unbiased senior either writing an accurate FitRep or an unbiased promotion selection ... in my experience this has never been the case. I do think that performance based pay will be abused. Seeing as how non-performers are still promoted suggests that we need only fix the system that is in place and actually promote performers over non-performers.
<u>35.</u>	Pilots receive Flight Pay. Where do 0302's receive any bonus other than Combat Pay? At the end of a 20-year career, the adverse physical (and/or psychological) effects are more prevalent in Ground Combat MOS's than the other categories of USMC personnel. By the way, Question #7 is clearly looking at the marginal benefit of % pay vs. % effort. Can you really quantify effort? You need to define effort as something (e.g., longer hours, more deployments, more exercises, etc.).
<u>36.</u>	Yes, I would work a little harder if given the above mentioned bonus option but I already work near my sanity threshold, so I'm not sure I could even be able to increase my efforts by any significant amount, trust me sanity is priceless. I disagree that the pay to performance incentive would apply to my paygrade since in my opinion this is not what the Marine Corps is supposed to be. The Marine Corps is a volunteer force, and for volunteering there are already incentives in place that emphasize the correct way to volunteer, such as hazardous duty pay and combat pay. Our most valued "enlisted Marines" are given retention bonuses, which is a sound principle in my opinion. If any one is under compensated it would be enlisted Marines, perhaps that is worth investigating more.
<u>37.</u>	If you get an RO and/or RS who doesn't like you then you will get unfairly judged. I happens all the time. Thank goodness only awards are tied to such behaviors - not pay!
<u>38.</u>	Its good to consider ideas out of the box, and I don't know the full scope of your project, but a commander adjusting pay is dangerous ground. We have all had superiors we don't get along with; keeping the finances out of those situations is good policy.
<u>39.</u>	The following are just some of my thoughts on the pay/promotion system: 1. Nobody expects to become rich in the military nor should we. If it is strictly financial, we are but a bunch of mercenaries. History is rich with examples of superior mercenary forces being defeated by inferior forces that possess an intangible motivator. 2. Pay should reflect parity with the private sector (as best as possible) with compensation for combat duty (like we do currently). The military is not obligated beyond this. They could do a better job adjusting for cost of living. Unfortunately, this only works in large metropolitan areas where the military does not significantly determine economy (i.e. D.C., San Diego). In smaller economies, the cost of living will simply increase to as COLA does and re-establish the current ratios at a higher rate. 3. You cannot draw a relationship between pay incentives (flight pay, re-enlistment bonuses, etc.) and performance bonuses. The former is a mechanism to ensure manpower availability and targets those areas where retention is problem for whatever reason. It would be interesting to see what would happen if we did away with these for a general increase in pay and full implementation of item (4). I would theorize that you would have a service of men and women that are in the military because they enjoyed the job as opposed to being bribed. You might have to increase initial obligations in some areas (i.e. aviation) in order to get a return on the initial investment. 4. Promotion should be used to recognize and motivate performance (this brings with it higher pay). The problem is that the average Joe can keep pace with a performer as long as he puts the checks in the right blocks. If we went to a system where commanders could be promoted based on billet requirements and performance (regardless of time in grade), you would see a break out of performers. Unfortunately, the current system says you will get promoted as long as you do not do something wrong and therefore there is less motivation to excel. Further, commanders are forced to fill empty billets with weaker leaders as they were not promoted based on their skills.
<u>40.</u>	Fitness Reports are biased by the RS and fluctuate due to operational commitments along with garrison duties. How can you compare an outstanding Support MOS Marine to a Combat Arms Marine as far as outstanding performer?
<u>41.</u>	My answers refer only to officer pay/promotions
<u>42.</u>	Linking pay to fitness report results would only increase pressure for grade inflation. The only thing I dislike about the current pay and promotion system is the lack of competitiveness at junior ranks, more so for officers. A strong Lance Corporal can work hard and be promoted to Corporal and Sergeant well ahead of his peers. SNCO promotions also seem more competitive. With target promotion rates of 99% to Captain and 80-90% to Major and the lack of below zone selections, a strong Lieutenant can work hard and watch a slacker advance with him in pay and rank for the majority of their careers. Most good officers aren't that motivated by money and rank but it would be nice to see a very small minority (1-2% maybe) receive early promotions (and with it the pay) now and then.
<u>43.</u>	The risk of financial incentives is that money may supercede service and mission accomplishment as a primary motivator. I'm not optimistic that the USMC will implement financial incentives. I would like the USMC to consider the possibility of meritorious, accelerated, or early promotions to deserving officers--if and only if they are ready to assume the next rank.
<u>44.</u>	Cash Bonuses based on competitiveness can breed more adversarial relationships than those that already exist. Bonuses based on individual effort (ie PT, Marksmanship, PME completion, etc) would motivate Marines w/o the complication of subjective competition with others. Problem is this: no matter how modest or honorable we are, we are, for the most part, highly competitive type A individuals who take our performance assessments personally. A subjectively-awarded cash bonus might cloud the air between teammates. Instead of attaching a cash bonus to a SUBJECTIVE measure (RS/RO Marks), attach it to an OBJECTIVE measure - PFT, Marksmanship, PME completion and so on. I still think fitness reports and personal pride should take care of all this. But if there will be additional compensation for giving 100 percent (your job anyway), then I think that Objective measures might be the way to go. I also disagree with pilots receiving large sums of money on top of their flight pay to keep them in. Sends a bad msg to us ground bubbas. I do, on the other hand, understand the financial reasoning. Rank for compensation - not really adequate - too many get promoted to make promotion a carrot. When you are promoting 95 percent to Capt, one can slide and still get promoted. When you are promoting in the 80s for Major, same same. Awards for compensation - NO, too many awards given out cheapens the value of the award, look at the Army. There are plenty of stellar performers, but they don't all rate medals because of it. A small portion definitely do. Contact info Capt Veath -- beveath@nps.edu

45.	By maintaining high standards, the Marine Corps could weed out those that do not belong here. It is far too easy for commanders at the lower levels to "keep the peace" and take the easy road when it comes to holding Marines accountable. Reasons for weak leadership range from promotion anxiety to political correctness anxiety. The performers will perform no matter what. The slackers will slack, no matter what.
46.	Question 9 is a tough one because the fitrep is so subjective anyway. The liking and buy-in factors are huge particularly at the field grade level for favorable reports. On a separate thought, they should offer meritorious promotion systems for officers like enlisted to promote the best early and often. That in itself is a monetary reward.
47.	I would need more information regarding how that performance is measured. In theory it sounds like a good idea. I'm just weary of how it could be implemented without affecting the morale of the average Marine.
48.	The current accounting system of the federal government is already a large waste of resources. To complicate matters even further will result in a more complicated mess. Just as we do not have collar insignia to say we as a particular MOS are special, a pay system that would reflect that will simply result in a similar environment. A system that rewards short MOSs would also be a problem. It is better to have less officers when compared to lesser officers. Nobody joins the military or stays in the military for the sake of financial compensation with the exception of those that look toward the retirement, but certainly not the annual salary.
49.	Fitness Reports are too subjective a metric to fully encapsulate the performance of Marines. Undefined characteristics of "Leadership", "Well Being of Subordinates" etc are left to the individual standards of the RS. Careful consideration of the metrics used for a pay based incentive system is required due to the very subjective nature of the Marine Corps current evaluation system.
50.	A compensatory system in the Marine Corps would detriment unit cohesion and generally be geared to the higher ranking personnel. The system to address performance pay would generally fall on the CO's, who would only permit incentives based on visibility and not necessarily performance.
51.	A small award bonus would eventually serve to promote individualism and not focus on leadership and teamwork. This would steer towards having the individuals trying to ensure they look better than their peers not necessarily actually performing better.
52.	I've considered this topic only casually. Bonuses would have to be based on some complex formula, and not tied directly to the FitRep; otherwise the same issues that come up w/ FitReps will just be exacerbated if a bonus system is attached to them. Good luck....
53.	The Marine Corps is already very competitive and in my opinion we are diluted with great performers. Bringing money into the equation will make things worse.
54.	I think that the negative effects of a performance-based pay system (jealousy among the ranks, abuse of the system by decision-makers, metamorphosis of the system into a blanket bonus pay--like many civilian gov't organizations, etc.) would outweigh the benefits (ie: incentive to perform). Additionally, the majority of the career Marines don't join for the pay benefits and thus the foundation of performance is character and personality based.
55.	Medals are fair compensation, but the process is flawed and results in unequal distribution of awards when compared to the accomplishments. An example would be the driver of a VIP receiving a NAM while a MT mechanic gets nothing for working 24/7 to keep equipment running in a combat zone. All too often, I hear "the Marine was just doing his job" and while in some cases that may be true, in most cases it clearly is not. OIC's know when a Marine is going above and beyond, so why question them? Because they can not give a medal to everybody that deserves one - in the case of Marines, there would be too many. So where is the line drawn? Who's in charge of it? The General whose driver gets and award, or the 1stLt in a combat zone that just nominated a hard working MT mech for a job well done?
56.	Implementing a truly fair system would be a challenge. However, I feel that some type of incentive based pay could help some individuals who feel that the promotion system does not allow them adequate reward for higher performance. No matter how hard you work, you cannot get promoted above the lower performing individual who got commissioned the week before you. Obviously there is some agreement that targeted pay benefits the Marine Corps, but currently only certain skill sets (aviators, lawyers) are rewarded. This is certainly a large factor in why I intend to retire at the earliest opportunity rather than stay until 30 years. I hope to find a second career that rewards performance in addition to loyalty.
57.	This is a tough one. Pay does motivate. That is proven in the civilian world. However I don't know if money is the answer for morale and retention. People are drawn to the Corps more for altruistic reasons but leave because those reasons are not met. Extra pay would help but it would not be a more encompassing solution.
58.	The part of question 6 reading "I would be more likely to stay in the Marine Corps if part of my pay was linked to my performance." is a very poorly worded question.
59.	Instead of rewarding the top performers, the Marine Corps needs to do a better job of getting rid of the bad performers. It's easier to recognize someone who is truly a poor performer. The Corps has a bad habit of giving all of the work to the top performers, which causes many of them to get burnt out. Meanwhile, the poor performer gets to continue to slide, is happy with his life, and stays in. Then when it comes time for promotion, the top performer is burnt out and separates while the poor performer stays in and gets promoted. You should focus more on the poor performers, once they are gone, everyone will work harder because the people around them would be better.
60.	This is a sensitive area. We are in the Marines to be Marines but for over the last 18 years I've seen many substandard performers go as well as everyone else. A system needs to be altered or created to deal with these types of Marines.

<u>61.</u>	Marines, over a long period of time, will work towards the standard. If the new standard included a reward system for 10% more effort, than that 110% would become the new 100% effort. Interestingly enough, that would quite possibly have a positive effect on output.
<u>62.</u>	I did not enter the Marines for the paycheck. This survey is of NO usefulness. Asking Marines to perform "above average" compared to others for a few dollars more is an insult.
<u>63.</u>	My question is how would the "superior performers" be evaluated? Part of the reason the military has a flawed individual award and inflated (when it is convenient) fitness report system is because of the subjectivity. You could be a well below average performer and get awards and high fitness report marks because "people like you".
<u>64.</u>	An annual bonus would motivate the scammers to work the system to ensure they got that bonus.
<u>65.</u>	I believe the way to reward performance is with appropriate Fitness Reports and awards. Period.
<u>66.</u>	Pay incentives are great, however I feel that they would more than likely contribute to an initial lowering of Moral when first instituted. After the Corps adjusted to the idea I believe the impact on moral would decrease as it was looked at less as a discriminator and more as a part of the system. The other part of it, is who determines performance? This could open up a slew of fraternization issues and favoritism that isn't dealt with as much on Pro/Cons and it would be when money is involved. Hope this info helps.
<u>67.</u>	Although I know there are performance based cash awards in other government settings and jobs, I don't think it would be appropriate in the USMC. If you are in the USMC for the pay you are in it for the wrong reasons.
<u>68.</u>	If the USMC became more of a meritocracy, it would have a better chance of retaining high performers.
<u>69.</u>	I agree with number 9 to the extent that bonuses would increase overall performance across the board, but I disagree with using the fitness report as a benchmark. Possibly unit level bonuses should be used versus marine corps wide...
<u>70.</u>	While additional monetary compensation would be nice, I don't think it would be a factor in performance. Civilians have had the monetary compensation program for years, and from my perspective, the ones that care about the job and do good work aren't thinking about "how much their going to be compensated at the end of the year".
<u>71.</u>	Bonuses for Marines would evolve into the same system as we have for our civilians - they would be viewed more as an entitlement than an award for superior performance. Plus, if we can't satisfy our Marines with a basic standard for awards, then we would have even greater morale issues if it involves cash payments. Overall, it's a bad idea.
<u>72.</u>	This is a tough survey. I just came off of a tour at HQMC. I saw civilians getting up to 50K cash awards for performance based annual "additional" compensation. I additionally saw Marines work their butts off, and the best they could hope for is a fair shake in the next promotion board. Conversely, I saw Marines that did enough to get by and get similar marks on their fitness reports because they had great personalities and the RS/RO like them. I could go on and on about pay incentives and fitness reports because I am an Adjutant and have seen both the good and the bad. Now, on the flip side to this, I have gotten out and worked in the civilian sector as well and have recorded for the Colonel's board two years ago and have to say that the Marine Corps is an incredibly fair and equitable "company." Some of the questions outlined above pose a dichotomy as Marines should try to do their best whenever they can as that is what makes us Marines. To do otherwise means you should just resign and go find employment elsewhere. However, I think only a liar would say that being financially rewarded for hard work and superior performance would be turned down. When the welfare of your family is on the line, money makes things happen, like kids going to college, affordable housing in high income areas (Wash DC) etc. If you would like to chat more about this, especially what I saw in the GS/SES arena in DC for three years, please let me know. Semper Fi, Capt J. M. Robinson, USMC jmrobbins@nps.edu
<u>73.</u>	(1) Money should not be the primary motivation for Marines to perform better. If it is, get out of the Marine Corps and find a job. A Marines motivation should be the need to be better, to always learn and grow. (2) Personal awards have lost their value as they are given too easily. In fact, end of tour awards are expected for some billets. (3) The Marine Corps should view pay as: (a) Can people make a living being a Marine (b) Are the salaries competitive enough to attract and keep talented people in the Marine Corps.
<u>74.</u>	One of the questions above is doctrinally incorrect: "I feel that promotions are an adequate reward for performance." Promotions have never been about past performance. Officers are promoted based upon their potential to do the job at the next higher rank.
<u>75.</u>	I really do believe it is a career not a job. Many of us could be making more money in the civilian world, yet we choose to stay. I really don't think money is a motivator. From my experience through the enlisted ranks and now as a field grade, money has never been the motivator. The only thing more money would do is encourage substandard performers to hang around longer. I think most Marines who have the discipline to live within their means can live comfortably within the current pay structure. I am not "anti-money" and I would never return a pay raise. However, I would not leave because I didn't get an increase in pay.
<u>76.</u>	OJN.

APPENDIX D: PERFORMANCE BASED BONUS DISTRIBUTION MODEL

		O1				O2				O3				O4			
		GCA	GS	AVS	AV	GCA	GS	AVS	AV	GCA	GS	AVS	AV	GCA	GS	AVS	AV
# Bonuses Offered (d.v.)		0.0	0.0	0.0	0.0	0.0	0.7	0.2	0.0	1.0	10.3	2.0	1.8	0.5	1.1	0.2	1.3
Total Marines		0	0	0	0	0	3	1	0	10	62	14	18	6	14	2	16
Segment Effect		0.00%	0.00%	0.00%	0.00%	0.00%	1.43%	0.00%	0.00%	0.19%	0.47%	1.06%	0.26%	0.32%	0.22%	0.00%	0.13%
Segment %		0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.7%	0.0%	6.7%	41.3%	9.3%	12.0%	4.0%	9.3%	1.3%	10.7%
Segment Utility Factors		1.000	1.000	1.000	1.000	1.000	1.063	1.000	1.000	1.019	1.028	1.074	1.026	1.041	1.028	1.000	1.017
Money Summation		2812	2812	2812	2812	3690	3690	3690	3690	5002	5002	5002	5002	6381	6381	6381	6381
Pay Increments	O1	2812	2812	2812	2812												
	O2					3690	3690	3690	3690								
	O3									5002	5002	5002	5002				
	O4													6381	6381	6381	6381
	O5																
	O6																
GCA Max		2812				3690				5002				6381			
GS Max			2812				3690				5002				6381		
AVS Max				2812				3690				5002				6381	
AV Max					2812				3690				5002				6381
O1	GCA	2812															
	GS		2812														
	AVS			2812													
	AV				2812												
O2	GCA					3690											
	GS						3690										
	AVS							3690									
	AV								3690								
O3	GCA									5002							
	GS										5002						
	AVS											5002					
	AV												5002				
O4	GCA													6381			
	GS														6381		
	AVS															6381	
	AV																6381
O5	GCA																
	GS																
	AVS																
	AV																
O6	GCA																
	GS																
	AVS																
	AV																

Bonus % Increment	Min per Segment	Max per Segment
10%	75%	125%

Bonus Increments based on Basic Pay (BP)

	Mo BP	Yr BP	Bonus % Increment	Bonus
O1	\$2,344	\$28,123	10%	\$2,812
O2	\$3,075	\$36,896		\$3,690
O3	\$4,168	\$50,018		\$5,002
O4	\$5,318	\$63,810		\$6,381
O5	\$6,431	\$77,173		\$7,717
O6	\$7,763	\$93,161		\$9,316

Marine Composition from NPS Survey

	GCA	GS	AVS	AV	
O1	0	0	0	0	0
O2	0	3	1	0	4
O3	10	62	14	18	104
O4	6	14	2	16	38
O5	0	2	0	2	4
O6	0	0	0	0	0
	16	81	17	36	

% Makeup of FMF OFFICERS (O1-O6)

	GCA	GS	AVS	AV	
O1	0.0%	0.0%	0.0%	0.0%	0%
O2	0.0%	2.0%	0.7%	0.0%	2.7%
O3	6.7%	41.3%	9.3%	12.0%	69.3%
O4	4.0%	9.3%	1.3%	10.7%	25.3%
O5	0.0%	1.3%	0.0%	1.3%	2.7%
O6	0.0%	0.0%	0.0%	0.0%	0%
	10.7%	54.0%	11.3%	24.0%	100%
Total Marine Officers					150

Utility from NPS Model

	O1				O2				O3				O4			
	GCA	GS	AVS	AV	GCA	GS	AVS	AV	GCA	GS	AVS	AV	GCA	GS	AVS	AV
0%	0	0	0	0	0	1	1	0	8	37	5	11	3	9	2	13
1.5%	0	0	0	0	0	0	0	0	0	3	1	1	0	0	0	0
3.5%	0	0	0	0	0	0	0	0	0	2	1	1	0	1	0	0
5.5%	0	0	0	0	0	0	0	0	0	3	1	1	1	1	0	0
7.5%	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0	1
9.5%	0	0	0	0	0	2	0	0	2	14	3	3	2	2	0	2
11.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50%	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
Total Respondents	0	0	0	0	0	3	1	0	10	60	12	18	6	14	2	16
Segment Effect	0.00%	0.00%	0.00%	0.00%	0.00%	6.33%	0.00%	0.00%	1.90%	2.81%	7.42%	2.58%	4.08%	2.82%	0.00%	1.66%

O5				O6					
GCA	GS	AVS	AV	GCA	GS	AVS	AV		
0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0		
0	2	0	2	0	0	0	0		
0.00%	0.49%	0.00%	0.31%	0.00%	0.00%	0.00%	0.00%		
0.0%	1.3%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%		
1.000	1.075	1.000	1.048	1.000	1.000	1.000	1.000		
7717	7717	7717	7717	9316	9316	9316	9316	Total Utility	Total Effect
								19.90	4.87%
								\$100,000	<= \$100,000
								0	>= 0
								3333	>= 2000
								75667	>= 52000
								19000	>= 19000
7717	7717	7717	7717					2000	>= 2000
								0	>= 0
				9316	9316	9316	9316		
7717				9316				8000	>= 8000
	7717			9316				62167	>= 40500
		7717			9316			11833	>= 8500
			7717			9316		18000	>= 18000
								0	>= 0
								0	>= 0
								0	>= 0
								0	>= 0
								2500	>= 1500
								833	>= 500
								0	>= 0
								5000	>= 5000
								51667	>= 31000
								10000	>= 7000
								9000	>= 9000
								3000	>= 3000
								7000	>= 7000
								1000	>= 1000
								8000	>= 8000
7717								0	>= 0
	7717							1000	>= 1000
		7717						0	>= 0
			7717					1000	>= 1000
				9316				0	>= 0
					9316			0	>= 0
						9316		0	>= 0
							9316	0	>= 0

Increased Efficiency	% of Budget Spent	# Bonuses Offered	% Receiving Bonus
4.870%	100.0%	19.3	12.8%

Bonus Breakdown by Rank					
	# Bonuses	Bonus \$	% Tot. Bonus \$	% FMF Makeup	Bonus \$ % Per Segment
O1	0.0	\$0	0.0%	0.0%	0%
O2	0.9	\$3,333	3.3%	2.7%	123%
O3	15.1	\$75,667	75.7%	69.3%	109%
O4	3.0	\$19,000	19.0%	25.3%	75%
O5	0.3	\$2,000	2.0%	2.7%	74%
O6	0.0	\$0	0.0%	0.0%	0%

Bonus Breakdown by MOS					
	# Bonuses	Bonus \$	% Tot. Bonus \$	% FMF Makeup	Bonus \$ % Per Segment
GCA	1.5	\$8,000	8.0%	10.7%	75%
GS	12.2	\$62,167	62.2%	54.0%	115%
AVS	2.4	\$11,833	11.8%	11.3%	105%
AV	3.2	\$18,000	18.0%	24.0%	75%

O5				O6			
GCA	GS	AVS	AV	GCA	GS	AVS	AV
0	0	0	1	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	1	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	1	0	1	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	2	0	2	0	0	0	0
0.00%	7.50%	0.00%	4.75%	0.00%	0.00%	0.00%	0.00%

Objective Cell	
Decision Variable Cells	
Input Cells	
Resultant Cells	
Surplus / Defecit	
Constraint Cells	
GCA	Ground Combat Arms
GS	Ground Support
AVS	Aviation Support
AV	Aviation

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